

Matters of Interest

Did Cuomo outfox Schneiderman again?

The Cuomo administration's top bank regulator, Ben Lawsky, announced a \$2.14 billion settlement by Deutsche Bank. Some insiders wondered why Attorney General Eric Schneiderman wasn't involved.

Crain's New York Business

By Andrew J. Hawkins

April 24, 2015

The news Thursday that Deutsche Bank will pay an eye-popping \$2.14 billion to settle investigations into rigging of benchmark interest rates raised a new round of chatter that New York Attorney General Eric Schneiderman was again outmaneuvered by Gov. Andrew Cuomo.

In 2012, Mr. Schneiderman subpoenaed several banks, including JPMorgan Chase, Deutsche Bank and the Royal Bank of Scotland, in connection with rigging the London interbank offered rate, or Libor. But on Thursday, it was Benjamin Lawsky, superintendent of financial services and a top aide to Mr. Cuomo, who announced the massive settlement as well as the termination of culpable employees.

Mr. Lawsky's agency will receive \$600 million of the settlement.

"Eric gets squat," quipped one insider.

Mr. Schneiderman's office says Deutsche's deal will have no effect on his own effort to make banks pay for allegedly rigging Libor.

"AG Schneiderman's investigation is ongoing and not affected by today's announcement," his spokesman said.

Mr. Schneiderman has been less willing to threaten to revoke bank charters than Mr. Lawsky, such as in the Standard Chartered case, insiders say. And federal investigators have seemed more willing to collaborate with Mr. Lawsky than with Mr. Schneiderman.

"So he ends up with less money and often on the outside looking in," the source added.

The Deutsche Bank settlement isn't the first time Mr. Schneiderman has been eclipsed by Messrs. Cuomo and Lawsky. In March, Germany's Commerzbank, accused of violating regulations in dollar-clearing transactions for sanctioned nations Iran and Sudan and a Japanese company engaged in accounting fraud, agreed to pay \$1.45 billion.

Mr. Schneiderman got nary a dime. His spokesman says he was not involved in the investigation.

With Another LLC Loophole Vote Coming, Dwindling Optimism About Any Campaign Finance Reform

Gotham Gazette
By David Howard King
Apr 24, 2015

The State Senate Elections Committee is expected to vote Monday whether to advance a bill that would close a controversial loophole in state election law that allows wealthy donors to pour unlimited cash into campaign coffers through the use of multiple limited liability corporations, or LLCs.

Sen. Daniel Squadron, a New York City Democrat and the bill's sponsor, has maneuvered the bill to a committee vote despite major opposition from the Republican majority conference. Monday's vote will come after reform groups and some legislators failed in an attempt to get the State Board of Elections to reverse its 1996 interpretation of state law that created the loophole. Senate Republicans have bristled at using the term "loophole" to describe the BOE interpretation.

"As the focus continues on this critical ethics reform, it will be disappointing if Monday's Elections Committee vote breaks down along the same partisan lines that the recent budget and Board of Elections votes did," said Squadron. "In light of the BOE's professed arguments, I'm hopeful that the Elections Committee will take a serious look at this issue to prevent unlimited sums of anonymous dollars from perverting our state government and the entire political process."

Assembly Member Brian Kavanagh, also a New York City Democrat, sponsors the same bill in the Assembly. Kavanagh told Gotham Gazette he believes his conference is also ready to move on the bill and that he thinks Senate Republicans should be too. "The Republican BOE chair said that he thought the Legislature was the appropriate place to address this. And I know he isn't the only one who believes that."

The LLC loophole has become a major flashpoint in the battle for campaign finance reform because other efforts at reform failed in this year's budget negotiations and a pilot public financing program for last year's comptroller race never got off the ground.

Advocates acknowledge that while having a committee vote on the issue is a victory in itself it isn't exactly likely that the bill passes the Senate given that Republicans currently enjoy a narrow majority that could fall apart at any time due to indictment, illness, or retirement. Their candidates are often bolstered by large donations from single individuals or industries that use the LLC loophole to their advantage.

Advocates admit that the vote may be the last gasp for campaign finance efforts this year. "I think the real chance for reform this year is on the LLC loophole because there is more clear agreement on that," said Rachael Fauss of good government group Citizens Union. "I think we will have to wait for another major push until the budget next year."

Kavanagh said he expects the LLC loophole to remain a major focus for the rest of the year with perhaps some room between the Senate Republicans and Assembly Democrats to negotiate further contribution disclosure rules, including, perhaps, requiring donors to list their employers. Conversation and movement during this year's budget negotiations mostly revolved around legislators' outside income.

The last two years have been a roller coaster ride for campaign finance reform advocates. Last March advocates were in a place they had never been before: Gov. Andrew Cuomo's budget proposal included a system for publicly funded campaigns and the Moreland Commission on Public Integrity was digging deep into just how weak and ineffective the state's Board of Elections is at enforcing New York's already lax campaign finance

rules. "It felt like we had so much momentum," said Barbara Bartoletti of the League of Women Voters, who also served as an advisor to the Moreland Commission.

Over a year later things have changed drastically: Cuomo abruptly killed Moreland in exchange for some limited campaign finance reforms, and despite massive scandals the Legislature has remained obstinant, refusing to make major reforms. If last March was the high of highs, this April has been the low of lows as campaign finance reform appears all but dead for the foreseeable future.

Reformers' best chance at change - having the BOE reinterpret its opinion regarding LLCs - failed and Senate Republicans stand even more steadfast against reform. It isn't surprising that the Legislature has failed to act on campaign finance reform despite the indictment of former Assembly Speaker Sheldon Silver and the investigation into Senate Majority Leader Dean Skelos because, as Barbara Bartoletti of the League of Women Voters told Gotham Gazette, nothing in Albany is surprising anymore.

"Scandal does not seem to deter the Legislature in its appetite to avoid dealing with the issue," said Bartoletti. In fact, Bartoletti said that scandal appears to have increased the Senate Republicans' affection for the current system. "The Senate Republicans hold such a tenuous grasp on the majority that they are loathe to change the system that gets them elected," said Bartoletti.

Republican Senators do tend to benefit more from the largesse of the real estate industry and corporations that use the LLC loophole to subvert the state's donation limits. Republicans counter that Democrats benefit from massive union donations.

"As soon as the so-called good government groups have anything to say about the unlimited money that unions pump into the coffers of Democrats or the dollars that Mayor de Blasio funnels to Upstate County Democrat Party Committees, we may start taking them seriously," Scott Reif, spokesman for Senate Republicans, said in a statement. "Until then, they should get a life."

Advocates don't put responsibility entirely on Senate Republicans. They look at the governor, saying Cuomo has failed to capitalize on major public outcry over scandal and not used his bully pulpit to push reform. They point to budget negotiations last year when most thought Cuomo was in a position thanks to Moreland and continuing pressure from the US Attorney to truly campaign for public financing of elections.

Instead Cuomo abruptly shuttered Moreland for what advocates call "meager" ethics tweaks and minimal campaign finance measures. The two measures - a pilot program for public financing exclusively in the 2014 comptroller's race and a new enforcement office in the BOE - have not delivered.

Incumbent Comptroller Thomas DiNapoli, an advocate of public financing of campaigns, declined to participate in the system because it was so hastily arranged and his Republican opponent failed to raise enough money to participate. The program, meant to perhaps initiate a much larger system, is now defunct.

Meanwhile, little has been heard from the BOE's enforcement unit headed by Cuomo appointee Risa Sugarman.

Moreland dedicated an entire hearing to attacking the BOE's paltry enforcement mechanisms. As part of the deal to kill the commission Cuomo and the Legislature installed Sugarman as the head of an office charged with finding violations of campaign finance law and bringing cases against violators.

Good government groups and election board members alike say that so far Sugarman's appointment has only caused a regression in the board's enforcement actions.

"The independent enforcement counsell is taking a very different approach to enforcement and has given much less focus to the routine enforcement work that was done before the independent office was created," Democratic Board Chair Douglas Kellerman told Gotham Gazette.

Kellerman says that Sugarman has failed to collect fines from those who were found delinquent before she took office in 2014 and has not issued notices to campaign committees that had not filed since the July filing deadline last year. As of January Sugarman had also not begun assembling a report on the biggest violators of campaign contribution limits the board has traditionally issued.

Sugarman did not respond to a request for an interview but she confirmed publically in board meetings with Kellerman that she had not sent the notices.

At a board meeting in January Sugarman argued she had found a number of bad addresses for previous filings. She also said she was waiting for hearing officers to be hired. Hearing officers were the Legislature's contribution to the enforcement unit and are seen by good government groups as an unnecessary hoop to jump through because cases against violators must also be presented in State Supreme Court. Other commissioners pushed Sugarman to act because such a large backlog had been created.

"I guess my overall concern is that there were certainly lots of problems with the old enforcement unit," Kellerman said to Sugarman at the January meeting, "but there were lots of things that were getting done with the old enforcement unit that I'm concerned have now gone by the wayside with the transition and I hate to see us have a step backwards as opposed to forward on this. The over-contribution report was one of those things."

BOE staffers and chairs have expressed frustration that Sugarman doesn't update them on her activities. She has stressed her independence and ability to work on investigations with complete secrecy but some BOE members think the office is directionless and is looking to land big cases at the cost of basic enforcement.

Advocates share a lot of those concerns. "It seems they are missing basic procedure, missing basic compliance that the board used to do such as filing reports and audits," said Fauss of Citizens Union. "It is unfortunate that the board is not in a better position. It is a shame that we don't even see enforcement of basic compliance."

Assembly Member Kavanagh said that he believes Sugarman's office has already accomplished a great deal: "We never had someone looking at filings beyond whether they were on time or not. Without that it is hard to see how real enforcement happens. Now we actually have someone scrutinizing them and I think that will have a great impact."

Bartoletti said she hopes to see increased action from the enforcement unit over the next few months, but is concerned that precious time has already been lost. "We will be watching closely for the rest of the calendar year. We may will be looking carefully at who they hire and how independent they are. I would hope they will be a fully-staffed, functioning enforcement unit by 2016 because without enforcement nobody cares what the laws are," Bartoletti told Gotham Gazette.

Dani Lever, a spokesperson for Cuomo, told Gotham Gazette: "The administration included additional funds in the budget last year to create and support the BOE enforcement unit. The unit is fully staffed and effectively operating at capacity."

Asked whether Cuomo plans to continue to push for campaign finance reform during the rest of session Lever said: "Yes, the Governor has been and remains committed to campaign finance reform."

Right now Bartoletti said she only has faith in one man to do campaign finance enforcement and it isn't technically his job. "The only one doing campaign finance enforcement at the moment is Preet Bharara," she said.

The new Attorney General should probably freak Wall Street out way more than the old one

Business Insider

By Jonathan Marino

April 24, 2015 12:21 PM

The Senate has finally confirmed Loretta Lynch to be the next US Attorney General.

What does this mean for Wall Street?

What does Wall Street think of her?

We asked a bunch of sources close to the industry and to the Department of Justice.

They paint a picture of someone who, having worked in New York, has a much firmer grasp on the financial sector than her predecessor, but who will nevertheless be very tough.

Here are the details:

- After years of being dogged by investigations from departing US Attorney General Eric Holder, Wall Street banks shouldn't expect things to get any easier for them.
- Lynch used to be the US Attorney for the Eastern District of New York. In that role, she drew mixed reviews for the work she's done prosecuting big banks. But it's expected she could be a unifying force between Washington and New York regulators.
- Lynch has already delivered a gut-punch to Citigroup, in the form of a \$7 billion fine, but drew criticism for being soft on HSBC.
- Lynch is widely believed to possess a better grasp of financial markets and their inner workings than her predecessor, Eric Holder, which some think could make her an even greater threat to big banks.
- An ex-DOJ lawyer said that Lynch will push more case work to New York's Eastern District — her former stamping grounds — which will likely clear some room on Preet Bharara's schedule. Bharara, who is the US Attorney for the Southern District of New York, was considered a potential candidate to head DOJ before Lynch was nominated and confirmed.
- "[Lynch's predecessor, Eric] Holder and Preet didn't get along that well," said the ex-DOJ lawyer.
- "[H]er office did a lot of financial crimes so she knows the turf," said one banking industry source. "Somewhat counter-intuitively, our lawyers prefer that as they like to deal with competent, well informed prosecutors who understand something about financial markets."
- "In the less glamorous world of financial cases, she did a good job in the Citigroup mortgage case and a not-so-good job in the HSBC case," one law professor said. Still, "she will be pressured by one side to require admissions of guilt and by the other to treat the CEOs and big banks differently than drug dealers." He added Lynch is "afraid of nobody."
- "She knows the investigations very deeply, at the level of understanding what was known but not put in indictments yet -- much more than Holder," said Charles Tiefer, professor at the University of Baltimore Law School. "She will back an effort to go beyond cases against entities, like banks, and seek sanctions against individuals, like bank CEOs."

Cloud Of Corruption Hangs Over Capitol As Legislature Returns

WSHU

April 24, 2015

By Karen DeWitt

The New York State Legislature returns for the second half of the legislative session, once again under a cloud of corruption, and with numerous unsettled issues.

The session begins Tuesday, after the spring break, and this time it's the leader of the Senate who is the focus of a federal corruption probe. State Senate Majority Leader Dean Skelos confirmed that he's the target of an investigation, after the New York Times reported that U.S. Attorney Preet Bharara has convened a grand jury that is looking into some of the Senator's business dealings, as well as those of his son.

Earlier in the year, the former Speaker of the Assembly Sheldon Silver was arrested and charged with running a multimillion dollar fraud scheme through manipulation of his connections with two private law firms. Silver was forced to resign.

Blair Horner, with the government reform organization the New York Public Interest Research Group, says the atmosphere at the Capitol is heavy right now.

"It's almost like Beijing-style ethics pollution in Albany," said Horner.

Horner, who wants stronger ethics reforms, says if another top lawmaker is arrested, the rest of the session could be thrown into turmoil.

"It's certainly the case that if the U.S. Attorney's office brings any action against any more of Albany's legislative or executive leaders, that could certainly cast a shadow over everything else that's happening here," he said.

A number of other items that Governor Andrew Cuomo initially tied to passage of the budget also were dropped, including raising the minimum wage, the Dream Act, which would provide college aid to children of undocumented immigrants, and an education tax credit sought by the Catholic Church, among others. In addition, lawmakers face some new issues, including the periodic expiration of New York City's rent regulations in June, and renewal of the state's property tax cap, which has been tied through legislation to renewal of the rent laws.

Meanwhile, a key component of the state budget pushed by Cuomo seems to be in jeopardy. Cuomo and lawmakers agreed to a new teacher evaluation system that relies more heavily on standardized tests. But nearly one fifth of students across New York opted out of taking the English exams when they were given April 14 and 15, and more plan to skip the math tests, which are administered to third to eighth graders.

The State teachers union encouraged the opt out. New York State United Teacher's President Karen Magee says the boycott undermines the new system, and predicts Cuomo and lawmakers will have to revisit the issue.

"Something has to be done," Magee said. "Absolutely."

Cuomo is on a visit to Cuba, where he predicted that business between New York and Cuba will soon "take off."

In a sign that allegiances and the balance of power is shifting, the governor brought the leader of the minority party senate Democrats, as well as the head of the independent Democrats with him on the trip to Cuba. Skelos did not go on the trip. Cuomo says he invited Skelos, but the Senate leader did not want to go because of his political opposition to the Cuban government.

Republican senators will meet privately when they return to Albany to decide the next step. Skelos has not yet been charged with any crime.

And, in perhaps a new chapter in the on going corruption scandals, the New York Times is reporting that the current Speaker, Carl Heastie, may have inappropriately benefited financially from his mother's embezzlement from a social service agency where she worked. According to the report, Heastie held on to a house that a judge had advised him to sell. He later sold it at a profit.

Heastie issued a statement in response to the New York Times report. Heastie wrote, "This was the most difficult and painful period for me and for my entire family. It is a travesty that the reporters reached the wrong conclusion. A fair reading of the facts shows that I acted ethically and responsibly.

Unfortunately, this story makes it seem that I benefited, when I paid \$10,000 in restitution on behalf of my mother and more than \$235,000 in mortgage payments over the life of the loan. I followed the legal advice given by my mother's attorney throughout the entire process.

This is the last time I will address questions related to my mother's life or death. My mother should not be defined solely by her actions in this instance, but [by] the totality of her life."

Editorial: New York corruption is obvious except to the corrupt

Times Herald-Record

Posted Apr. 24, 2015 at 1:30 PM

New York is now the “innocent until proven guilty” state.

While legislators took a post-budget break, news broke that the leader of the Senate Republicans, Dean Skelos, was under investigation by federal authorities concerning questionable business dealings in Nassau County.

Then came the story that the new speaker of the Assembly, Carl Heastie, had managed to hold onto, then profit from the sale of property even though a judge had ordered him to get rid of it because his mother had bought it with money she had embezzled.

That puts two of the three men in the room controlling the state under the same kind of ethical cloud that drove the longtime speaker, Sheldon Silver, out of his leadership post, but not out of the Assembly.

These two latest developments came as the state got the kind of notoriety nobody really wants.

The Monmouth University Polling Institute in West Long Branch, N.J., asked people across the country which state was the most corrupt.

We came out on top. In a rare show of bipartisanship, Democrats and Republicans agreed that New York belonged there although they showed their red and blue preferences in choosing the second most corrupt state. Democrats said it had to be Texas while Republicans favored California.

With all of that happening, there is legitimate speculation about how the Legislature will function in these post-budget months with so many important pieces of unfinished business on the agenda. While there has been little hope for movement concerning the Dream Act for undocumented immigrant students, or an increase in the minimum wage, there are other important issues that now will be struggling to reach any resolution without some strong leadership, the kind that is much harder to come by when the leaders are busy answering questions about their legal troubles.

There's the question about making the property tax cap permanent, expanding the state's new policy on sexual assaults to include private colleges and a change in the way the state treats juvenile offenders.

Many were pulled out of the state budget in hopes that legislators could deal with them piece by piece once they returned. But with a fractured leadership, that will not be easy.

And then there's the most troubling issue of all, the hope that legislators would look in the mirror and come to the conclusion that so many New Yorkers — and now, based on the Monmouth poll, so many in all other states as well — reached long ago.

When the short-lived Moreland Commission was looking at ways to categorize and fight corruption in the state, some members expressed their amazement that so many activities that seemed illegal almost by definition turned out not to be under the laws created by this Legislature and especially its powerful leadership.

With so many leaders, present and former, in custody, under indictment or being investigated, you might think that Albany had finally reached the threshold of embarrassment that would lead to real action.

As the Monmouth poll shows, everybody else in the nation knows how Albany works. But the ones who could do something about it still are in denial.

Entertainment, Educational Lineup for Physicians' June Convention

News India Times

By Staff Writer

Indian-American physicians are geared up to celebrate their achievements at the 33rd annual convention of the American Association of Physicians of Indian Origin, scheduled to be held June 17-21 in Orlando, Florida. They have secured the keynote speaker, "America's Doctor," the recently sworn-in, youngest ever Surgeon General of the United States Vivek Murthy, 37. They also have an exciting line-up of entertainers, AAPI President Ravi Jahagirdar and Convention Chair Amish Parikh told News India Times. Other heavy hitters who will be speaking at the convention include U.S. Attorney for the Southern District of New York Preet Bharara, as well as Secretary General of the Indian Medical Association Narendra Saini and Dr. Jaysree Mehta, president of the Medical Council of India.

Among the entertainers who have committed to the convention are Monalee Thakur on Friday night and Sonu Nigam on Saturday, Dr. Parikh said. They are hoping to corral a heavy hitter for the AAPI Charitable Foundation gala night but refused to reveal the name until it is finalized. But some other big names who will be speaking at the event include

The theme of this year's convention is "Generations Many, Mission One," and going by that, organizers have made sure to put younger physicians and medical students in charge of several activities and seminars. For starters, Dr. Parikh who is in his 40s is the youngest convention chair to date to lead the "2015 AAPI Annual Convention & Scientific Assembly" which will be held at Seaworld Orlando.

For all its emphasis on entertainment, Dr. Jahagirdar said, "The essence of AAPI is educational." That translates into numerous Continuing Medical Education and non-CME seminars by experts in their fields. Also, an impressive Exhibition Hall where vendors and services will be offered to physicians around the country. Two forums focus heavily on the younger generation of physicians, "Political Advocacy: Why Participate" and "Leadership and Mentorship," Parikh said.

"More than 50 percent of the committee chairs are two generations younger than me. And more than 50 percent are women," Dr. Jahagirdar told News India Times.

As is done every year, several physicians will be recognized for their professional and philanthropic contributions.

Convention attendees will also get to know what AAPI has been up to on the ground in India, particularly the "Trauma & Brain Injury Initiative," and the "Hepatitis Initiative." There will be an update on the U.S.-based diabetes and obesity initiatives. In its obesity outreach program, AAPI has already enrolled 61 partner schools. The organizers also hope to establish several "Clinical Networks" by the end of the convention linking experts in their fields with those just beginning to specialize. For the first time a "Men's Forum" will be held apart from the annual "Women's Forum." Subjects like prostate cancer, the incidence of which is similar to breast cancer among women, as well as hormonal decline among men, will be discussed. And a diabetes diagnosis center would be operating during the convention at the site. "The worst thing about Indian genetics is diabetes," Jahagirdar said explaining the rationale behind featuring a diagnostic center at the convention.

"The objective is to provide a complete experience – from state-of-the-art lectures to legislative advocacy, and entertainment," Parikh said. Around 1,400 to 1,600 attendees are expected.

Carl Heastie
The Ethics Scandals Just Keep Coming in Albany

New York Magazine
By Chris Smith
April 24, 2015 9:20 a.m.

Shelly Silver hasn't even gone to trial yet on charges that he took millions of dollars in bribes and kickbacks, and his replacement as speaker of the State Assembly, Carl Heastie, is already in the headlines for a dubious real-estate deal. Here Albany goes again, right?

Certainly Monday's front-page Times story fit the narrative of New York's state capital as a bottomless cesspool. In 1997, Heastie's mother, Helene, was charged with embezzling \$197,000 from a Bronx nonprofit health-care center. Prosecutors said she used some of the money to buy an apartment. After she pleaded guilty, as part of the bargain to avoid jail time, Helene Heastie agreed to sell the home and make restitution.

Weeks later, however, she died. Carl Heastie — who had earlier assumed a 99 percent interest in the apartment — says he was advised by an attorney that he was under no obligation to pay his mother's restitution. So he didn't. Heastie renovated the place, eventually selling it for \$200,000 more than the original price and using the profits to help buy a home of his own.

Yet even the long arm of Preet Bharara can't reach this one. Helene Heastie stole the money in 1995, and Carl Heastie sold the Bronx apartment in 2005. "The statute of limitations is five years after the commission of the offense," says Duncan Levin, a former chief of the asset-forfeiture unit in the Manhattan district attorney's office. "Because the paperwork didn't get done and time has elapsed, there's no way to seize the money. My guess is he's legally in the clear. Being who Heastie is, the other question is about his ethical obligation."

Especially because the ethical is deeply political in Albany these days. When Heastie suddenly became Assembly speaker in February, after Silver's downfall, he promised a new attention to transparency and integrity. He's vehement that he's acted properly, during the apartment deal and ever since, both legally and ethically.

And Heastie's side of the real-estate saga is both more complicated and somewhat more defensible than his initial legalistic reaction to the Times story. Helene Heastie's lawyers claimed, back in 1997, that she was capable of covering the down payment on the apartment without the stolen money. Heastie, according to a spokesman, took control of the property after his father was diagnosed with cancer and his mother was partially paralyzed by a stroke, and that he worked two jobs to help cover his parents' bills. Heastie says he paid \$10,000 in restitution out of his own pocket. He put the apartment up for sale briefly; finding no takers, he paid \$235,000 in mortgage installments, plus more for renovations. For those efforts, Heastie seems to feel he earned the \$80,000 net profit when the apartment was finally sold.

"His father had died, his mother dies, there's tremendous debt, and he has legal advice that he should go live his life. What is he supposed to do at that point?" Heastie's spokesman, Michael Whyland says. "I challenge anybody to say they would have done anything different if they were faced with the same set of circumstances. It goes back to the fundamental question: Is the child responsible to pay the debt of the parent?"

It's a fair question. As is whether Heastie should have benefited in any way from the messy chain of events. Heastie, before he ran for office, chose not to pay for his mother's crime. Now, though, he's one of the three

most powerful politicians in the state — and Heastie's promotion was the direct result of a corruption investigation. Even if the old facts are debatable, the new context makes him vulnerable.

Albany nerves are raw after two years of probes — first by Cuomo's Moreland Commission, and now by Bharara and the U.S. Attorney's office. So the concern in the Assembly isn't about a dubious 20-year-old apartment transaction. It's about whether this week's Heastie story is only the beginning of the digging into his past, and of attempts to tar him by association.

Heastie, an accountant by training, rose through the political ranks of the Northeast Bronx Community Democrats, who were led by Larry Seabrook. Seabrook once tried to expense a bagel sandwich and a Snapple for \$177. What earned the former city councilman and state legislator a five-year prison term, though, was funneling taxpayer dollars to friends, family, and phantom youth programs.

"I like Carl and think he's a good person and pretty much a straight arrow," an Assembly Democrat says. "But the Bronx is of concern. There had been some indication prior to the speaker's election that there were some issues. So it shouldn't have come as a surprise to anybody, that there might be an issue or two that might be raised, however tenuous."

Heastie has engendered considerable goodwill during his first months in power, at least among his own Democratic caucus. In March, the rookie speaker held his own during state budget negotiations. He won the Assembly some positive press and strategic advantage by coming to early agreement with Governor Andrew Cuomo on new rules on the disclosure of outside income by legislators. Heastie has also delegated more responsibility and opened up internal Assembly deliberations to more members, a welcome change after years of Silver's tight control.

The other reason that the Heastie story has mostly been shrugged off in Albany is that it arrived five days after a bigger Times-Bharara bombshell: that Dean Skelos, the Republican majority leader of the state senate, may soon be indicted. For the moment, the far greater anxiety is on the Republican Senate side of the legislature.

"How are all of the scandals going to affect getting things done?" an Assembly Democrat asks, before ticking off the big items looming in the spring's legislative session — including the renewal of the city's rent regulations, mayoral control of the schools, and tax breaks for developers. "This notion that people are distracted — on some level, that's true. On the other hand, politicians are in fact professional people. And they put those things aside and let other professionals — their attorneys — deal with those other things."

But the front-page spotlight on Heastie's history hasn't improved the Albany mood. "There's a combination of weariness and embarrassment," a state government insider says. There's anger, too, that Bharara is willing to go after family members — Skelos's son, Silver's son-in-law — in his pursuit of misbehavior by public officials.

"The worry many of us have is that it will chase away the good folks of both parties, who care about public service, because they don't want the taint," the capital insider says. "They keep thinking it's over. And then it's not over."

Profiting From His Mother's Crime

New York Times

By THE EDITORIAL BOARD

APRIL 23, 2015

The speaker of the New York State Assembly, Carl Heastie, one of the three most powerful politicians in the state, has promised real reform in scandal-tainted Albany. Yet, as Russ Buettner and David Chen reported in The Times, Mr. Heastie himself is under a cloud for benefiting from his mother's crimes nearly 20 years ago.

After Helene Heastie pleaded guilty to stealing from a nonprofit agency where she worked (prosecutors had charged her with embezzling \$90,000 for herself and another \$107,000 for a co-worker), she and Mr. Heastie were required by a judge to sell their apartment in the Bronx. The prosecutor said it was purchased with some of the stolen money. Giving the proceeds to her former employer was part of a deal to keep her out of jail. Shortly after the sentencing, however, Mrs. Heastie died, and Mr. Heastie kept the apartment. Years later, he sold it at a profit of almost \$200,000 above the original price of \$165,000.

Mr. Heastie's staff argues that he followed his lawyer's advice that his mother's death freed him of the obligation to sell the apartment. Not so, say experts in forfeiture law. That windfall is still "stolen money," Duncan Levin, a former chief of asset forfeiture for the Manhattan district attorney's office, told The Times.

There are questions about why a judgment was not filed properly with the Bronx County clerk's office. But, regardless of whether Mr. Heastie is under a legal requirement to give the money back, as leader of the Assembly, he should be an exemplar of good ethics. That means returning stolen money.

Mr. Heastie replaced Sheldon Silver, who stepped down as speaker after he was arrested in January on charges of taking millions of dollars in bribes and kickbacks. When Mr. Heastie was elected the leadership position a few days later, he promised to return the Legislature to a "place of pride" and vowed that "never again can there be a question about the integrity of our members or this institution." Those are the right goals for the institution. They are also the right goals for Mr. Heastie.

Editorial: House of thieves

The Daily News Genesee, Wyoming, and Orleans County

Posted: Friday, April 24, 2015 11:00 am

Imagine the day when New Yorkers will be surprised — shocked, even — to hear that a member of the state Legislature has been linked to yet another scandal.

Despite all the promises by Assembly and Senate leaders to operate honestly, that day has sadly not arrived. While many may be disappointed each time another controversy makes the news cycle, we've grown used to our elected officials being accused of all manner of legal infractions and ethical lapses.

The latest such story actually began in the mid-1990s. Assembly Speaker Carl Heastie, D-Bronx, co-owned an apartment building with his mother, Helene, which she purchased with money she stole from the nonprofit organization where she worked. She pleaded guilty in 1998 to embezzling \$197,000 from the Southeast Bronx Neighborhood Association, a taxpayer-funded group established to provide services to people in need, according to news reports this week.

Helene Heastie used \$165,000 of the money she looted to buy an apartment building in the Bronx. A judge ordered her and Carl Heastie in 1999 to sell the building and return the stolen money to the organization.

Well, that never happened. Three weeks after Helene Heastie was sentenced for her crime, she died.

Her son retained possession of the apartment building for another six years and then sold it — for nearly \$200,000 more than what his mother had paid for it, The New York Times reported Monday. He then used the proceeds to buy another house, where he now lives.

According to The New York Times, the agreement that Helene and Carl Heastie made to sell the apartment building and compensate the Southeast Bronx Neighborhood Association was part of a deal to keep her out of prison. But Mr. Heastie took advantage of her demise to claim that all bets were off.

"Mr. Heastie said through a spokesman that his lawyer at the time told him his mother's death freed him from any obligation to sell the apartment," The New York Times reported.

And now that questions are being raised about the speaker's unscrupulous conduct in this matter, he and his spin-masters are acting as though such criticisms are unwarranted.

An Associated Press story Tuesday quoted Mr. Heastie as saying that "a fair reading of the facts shows that I acted ethically and responsibly. ... I followed the legal advice given by my mother's attorney throughout the entire process."

And here is what Mr. Heastie's spokesman, Michael Whyland, had to say, according to The New York Times: "Mr. Heastie conducted himself with the integrity that we expect from anyone in his position, and any suggestion otherwise flies in the face of the facts. ... The motives driving Mr. Heastie during these difficult times was to assist his mother to repay her debt to society and to do everything in his power to have a sentencing that would allow her to return to her home and family."

Here, in our view, is a fair reading of the facts: Mr. Heastie and his mother were ordered to sell the apartment building and return the embezzled money to the nonprofit group. But they did not do that. Rather, he turned his back on the order once his mother died and held on to the building until it appreciated substantially in value and then sold it for a sizable profit, lining his own pockets with the proceeds.

So the notion that Mr. Heastie acted “ethically and responsibly” or “conducted himself with the integrity that we expect from anyone in his position” is outrageous. His mother never paid her debt to society — or to her former employer, for that matter — and the speaker, who benefited from her estate, acts as if her death nullified any obligation to return the pilfered revenue.

That is not how it works. Debts of the deceased become obligations of the estate no matter the value.

Mr. Heastie replaced state Assemblyman Sheldon Silver, D-Manhattan, as speaker earlier this year. Mr. Silver faces federal corruption charges and stepped down from his leadership position.

James Madison wrote, “If men were angels, no government would be necessary.” OK, so we don’t expect our elected officials to be angels.

But we have a right to expect those who lead us not to enrich themselves with goods stolen from charitable organizations. Mr. Heastie seems an unlikely candidate to usher in a new era of ethics reform in Albany.

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Sent: Thursday, April 16, 2015 5:53 PM
Subject: News Clips 4-16-2015



News Clips
Thursday, April 16, 2015

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Public Corruption

Dean Skelos

Dean Skelos, New York Senate Leader, and His Son Are Said to Be Focus of Corruption Inquiry

New York Times

By William Rashbaum, Susanne Craig, and Thomas Kaplan

4/15/15

Federal prosecutors have begun presenting evidence to a grand jury considering a case against the leader of the New York State Senate, Dean G. Skelos of Long Island, and his son, according to people with knowledge of the matter.

Investigators have served a number of subpoenas in recent weeks, including several to state senators on Long Island, and federal prosecutors have interviewed people who have had dealings with Adam Skelos, the Republican senator's son.

News of the investigation follows the arrest this year of Assemblyman Sheldon Silver, a Manhattan Democrat, and his resignation as speaker; any criminal case against Senator Skelos, the majority leader, would throw the Capitol into further tumult.

Prosecutors and the F.B.I. have focused on at least two areas in their investigation, zeroing in on Adam Skelos's business dealings, according to several people with knowledge of the matter.

One focal point has been Adam Skelos's hiring by an Arizona company, AbTech Industries, as well as a storm-water treatment contract that AbTech was awarded by Nassau County — the senator's political backyard — even though the company was not the low bidder. Another area of inquiry has been a \$20,000 payment to Adam Skelos from a title insurance company that he never worked for.

According to people familiar with the questions being asked by federal authorities, investigators are seeking to determine whether Senator Skelos exerted any influence in matters involving AbTech. They are also examining whether his son's hiring as a consultant was part of a scheme in which the senator, in exchange, would take official action that would benefit AbTech or another company, Glenwood Management, a politically influential real estate developer that has had ties to AbTech.

Any such action could pose a conflict of interest or potentially violate federal corruption statutes. It is unclear what actions, if any, Senator Skelos has taken in connection to his son's business dealings, or how they relate to state government; neither man has been accused of wrongdoing.

All of the people who spoke about the investigation did so on the condition of anonymity because of the delicate nature of the subject.

The investigation is being conducted by the office of Preet Bharara, the United States attorney for the Southern District of New York, who has embarked on an assault against graft and other political misdeeds in Albany, describing the capital as a "caldron of corruption." His critics have accused him of grandstanding, and say his unusually blunt public condemnations of how business is done in Albany have crossed the line for a federal prosecutor.

Glenwood Management, one of the state's largest campaign donors, also surfaced in the criminal case against Mr. Silver, who is accused of steering Glenwood and another developer to a law firm that gave him a cut of

their fees. Glenwood has not been accused of wrongdoing in the Silver case or in the investigation involving the Skeloses.

Adam Skelos, 32, when asked about the investigation during a brief interview outside his house, said he was surprised to learn he was the focus of a federal inquiry. "I had no idea that this was even an issue," he said. "I got to tell you, this is really unexpected."

Senator Skelos, 67, and his son did not respond to written questions from The New York Times.

The inquiry into the senator and his son comes at a chaotic time in Albany. In January, state government was rocked when Mr. Silver was arrested on corruption charges brought by Mr. Bharara's office.

The case against Mr. Silver and the investigation of Mr. Skelos grew in some measure out of the Moreland Commission, an anticorruption panel that Gov. Andrew M. Cuomo created in 2013. The governor, a Democrat, abruptly disbanded the panel last year as part of a budget deal he negotiated in large part with Mr. Skelos and Mr. Silver; Mr. Bharara's office then opened a criminal inquiry into the shutdown.

As with Mr. Silver's, Mr. Skelos's outside income as a lawyer has come under federal scrutiny. In the senator's case, his law firm, Ruskin Moscou Faltischek, received a federal grand jury subpoena in 2014. In January, WNBC-TV reported that federal investigators were looking into Mr. Skelos's outside income, with a focus on his ties to the real estate industry. The law firm has not been accused of any wrongdoing.

Mr. Bharara's office and the Federal Bureau of Investigation declined to comment.

Adam Skelos, who lives blocks from his father in a well-kept neighborhood in Rockville Centre in Nassau County, is involved in an array of businesses stretching from Long Island to Albany, according to a review by The Times. In recent years, he has held positions at title insurance companies.

But it is his connection to AbTech Industries, which sells spongelike filters to remove pollutants from storm water, that brings him in particular proximity to state and local government.

For a small business in Arizona, AbTech would seem unlikely to be associated with Glenwood, which develops rental apartments in New York City.

Glenwood's link to AbTech is buried in the regulatory filings of AbTech's publicly traded parent company. In 2011, one of its largest investors was a company that shared an address on Long Island with Glenwood's corporate headquarters.

Two men with close ties to the real estate company — Charles Dorego, a top Glenwood executive, and Steven Swartzman, a grandson of Glenwood's longtime principal, Leonard Litwin — have signed public records filed by the company that invested in AbTech's parent company, Abtech Holdings. Mr. Swartzman became friends with AbTech's founder in Arizona, and, impressed by the environmental sponge, became AbTech's East Coast distributor, according to a 2006 article in Newsday.

AbTech's sponge has met with limited commercial success. In fact, the parent company is not profitable and trades at roughly 30 cents a share. But AbTech got what appeared to be a big break in 2013, when it secured a contract worth up to \$12 million from Nassau County for the design, installation and operation of a storm-water treatment system.

Adam Skelos introduced officials at the Nassau Department of Public Works to AbTech, said Mary Studdert, a spokeswoman for the agency. Ms. Studdert said Mr. Skelos had roughly a dozen meetings and phone calls with

a senior public works official; that person was a member of the committee that evaluated the proposals for the storm-water project.

The contract was awarded to AbTech, even though another company submitted a substantially lower bid. County officials at the time contended that AbTech would ultimately provide the best value, county documents show.

But the low bidder, Newport Engineering, seemed mystified by the process. Nicholas J. DeSantis, the company's president, said that the Public Works Department never acknowledged receiving his bid and that he was not notified that the contract had been awarded.

So far, AbTech has been paid only a small amount of the potential value of the contract, according to the county comptroller's office. In an unusual arrangement for a local public works project in New York, the contract calls for AbTech to oversee both design and construction, requiring Nassau to secure state legislative approval for the contract to go forward as intended. No lawmaker has sponsored the necessary legislation, Ms. Studdert said.

The Nassau County executive, Edward P. Mangano, a Republican who held a news conference in 2014 to publicize the AbTech contract, did not respond to questions sent to his spokesman.

AbTech has not been accused of wrongdoing and did not respond to written questions from The Times. A lawyer for Glenwood, Alan Levine, declined to comment.

In addition to AbTech's effort to solicit government contracts, a subsidiary of its parent company has lobbied in Albany on several matters, including engineering issues, although it is unclear whether those activities are under federal scrutiny.

Federal investigators have also focused on a one-time \$20,000 signing bonus paid to Adam Skelos by American Land Services, a title insurance firm, according to people with knowledge of the matter. Mr. Skelos never went to work at the company and did not return the money, the people said.

American Land Services also has at least one indirect link to Glenwood, although it is not known whether that is under scrutiny by federal authorities. Property records show that in June 2014, a senior executive at American Land Services paid \$330,000 for an undeveloped South Carolina vacation property along a golf course on Kiawah Island. The executive, Tom Dwyer, the company's chief operating officer, bought the parcel from Mr. Dorego, the Glenwood executive, who personally financed Mr. Dwyer's mortgage.

Neither Mr. Dwyer nor other executives at American Land Services responded to requests for comment by phone and email. Mr. Dorego declined to answer questions, telling a reporter, "I have nothing to say."

How Far Will Preet Bharara Go in His War on Albany?

New York Magazine

April 16, 2015 1:23 p.m.

By Chris Smith

Is this what Preet Bharara meant by “stay tuned”?

Back in January, at a press conference detailing charges against Democratic State Assembly Speaker Shelly Silver, the crusading United States Attorney teased reporters with those words, an unmissable hint that more big corruption cases were in his pipeline. And last night, the Times broke another bombshell Albany scandal story: That Bharara appears to be pursuing an indictment of Dean Skelos, the Republican majority leader of the state Senate.

Skelos was always the more social of the two longtime legislative bosses. So it's fitting, in a sense, that his pending troubles are said to involve his son, Adam. Skelos the younger worked for an Arizona company that makes spongelike filters that remove pollutants from storm water. According to the Times, Bharara has impaneled a grand jury to hear allegations that Adam Skelos helped the company soak up a Nassau County contract worth as much as \$12 million, possibly gaining an edge in the bidding from his father's lofty position in state government.

How the dots connect, or if they connect at all, isn't clear. There are important distinctions between insider connections and illegal influence. No charges have been filed against any Skelos. But the new flurry of subpoenas and testimony has started wheels turning in Albany: If Dean Skelos is indicted, will he lose his post atop the senate?

Silver was essentially ousted as speaker six days after he was arrested. Skelos, if he needs to try to avoid the same fate, has a couple of things working in his favor. The first is that while Silver's appearance in handcuffs was deeply damaging, it came after he'd been boss for nearly 21 years. His Democratic Assembly caucus, particularly the younger members, were already restive, complaining that Silver had overstayed his welcome. Skelos only took the Republican reins in 2008, after Joe Bruno resigned while under investigation by the FBI.

Skelos also commands a smaller and more cohesive tribe than Silver did: Thirty-two state Senate Republicans, as opposed to the 103 Assembly Democrats whom Silver had to wrangle. Many of those Republican members, particularly the eight fellow Long Islanders, are seemingly loyal to Skelos. Still, the speculation game has started. If Skelos were to step aside, either temporarily to fight any changes or permanently if the charges turn out to be severe, the top contenders to replace him could be Syracuse's John DeFrancisco and Suffolk County's John Flanagan.

Bharara was recently admonished by a federal judge for hyping unproven charges against Silver. So it will be interesting to see whether any Skelos indictment is unveiled with less fanfare. Style questions aside, though, Bharara doesn't seem to be letting up on his quest to shake up Albany. The prosecutor shifted into high gear last April after Governor Andrew Cuomo unplugged the Moreland Commission, which Cuomo had empaneled to probe the role of money in state government and to pressure the legislature into passing tighter ethics rules. “This is what Cuomo loosed on the world,” a state Senate operative grumbles.

The governor got some new ethics laws out of his Moreland maneuvers. But the aftermath may be more than Cuomo bargained for. With Silver toppled and Skelos under investigation, Albany is tuned in, wondering if Bharara will go after the third man in the room next.

Scandal Fatigue Hits Albany as New Accusations Swirl in New York

The Skelos and Silver probes are the latest in a long line.

Bloomberg Politics
By Freeman Klopott
Apr 16, 2015 3:09 PM EDT

No sooner did one ethics mess recede into recent history than another appear in New York's embattled capital.

The latest gut-punch to Albany arrived via a report late Wednesday that a federal grand jury was reviewing evidence against Senate Majority Leader Dean Skelos, a Long Island Republican, and his son.

Only 12 weeks earlier, the U.S. attorney in Manhattan filed corruption charges against Assembly Speaker Sheldon Silver that led to his resignation after two decades in the post.

The Skelos and Silver probes are the latest in a long line. Three of the past four Senate leaders have been indicted, Eliot Spitzer resigned as governor after becoming entangled in a prostitution investigation and a comptroller was caught taking kickbacks for pension investments. Dozens of rank-and-file members have been arrested over the past decade, including three in a span of five weeks in 2013.

"I would like to get reform fatigue as opposed to scandal fatigue," said Blair Horner, legislative director for the New York Public Interest Research Group, which promotes transparency in government.

What happens next is largely up to U.S. Attorney Preet Bharara, who brought the case against Silver and, according to the New York Times, is probing Skelos.

Bharara has been probing members of the legislature and Democratic Governor Andrew Cuomo's administration since March 2014, when the governor shut down an anti-corruption panel known as a Moreland Commission. After it disbanded, the commission turned over its work to Bharara.

In the state budget passed last month after Silver's arrest, Cuomo made a priority of greater disclosure about lawmakers' income.

Not Enough

That accord was panned by Attorney General Eric Schneiderman and government watchdogs, including Horner's group, who said it didn't go far enough. When it comes to ethics changes, the governor and lawmakers seem to respond only to scandal, rather than taking an aggressive approach to rooting out corruption, Horner said.

"The U.S. attorney is driving the ethics-reform train, and the question is if he'll be making a stop that will have an impact on reform action or he just keeps on going," Horner said in an interview in Albany.

The Times story said the investigation is seeking to determine whether Dean Skelos exerted influence in matters involving AbTech Industries, an Arizona company that hired Adam Skelos. He is also said to be looking into Glenwood Management, a politically influential real estate developer that has had ties to AbTech.

Vowing Cooperation

Neither Skelos has been accused of wrongdoing. Jim Margolin, a spokesman for Bharara, and FBI spokesman J. Peter Donald in New York declined to comment on the probe.

"I have and will continue to cooperate with any inquiry," Dean Skelos, 67, said Thursday in a statement.

During budget negotiations, Skelos, who earned between \$150,000 and \$250,000 in 2013 as an attorney for the Long Island law firm Ruskin Moscou Faltischek, designated a group of fellow Republicans to negotiate the ethics proposal with Cuomo. In January, WNBC-TV in New York City reported that federal authorities were probing his outside income.

'Long Tentacles'

That report came a week after Silver was arrested on charges that he ran kickback schemes netting almost \$4 million over 15 years. Silver, who says he'll be exonerated, didn't step down until he was arrested, and his colleagues issued him an ultimatum.

Just two weeks earlier, despite reports that Bharara was investigating him for corruption, Assembly Democrats had re-elected him as speaker.

Under similar circumstances now, there's no reason for Skelos to step down, said Barbara Bartoletti, legislative director for New York's League of Women Voters.

"There is a presumption of innocence, and we should at least wait until federal authorities have finished with their investigation," Bartoletti said by phone. "We should all just be aware that the culture of corruption in Albany has very long tentacles."

About 90 percent of state voters say graft in Albany is a serious problem, said Steven Greenberg, a pollster for Siena College in Loudonville. Even so, a March poll showed that New Yorkers cared more about the budget being on time than they did about Cuomo's efforts to clean up the capital.

"Voters are not sure that simple reforms will make the process better," Greenberg said. "There's a sense out there that there are laws in place and lawmakers keep breaking them. Make new rules and lawmakers will break those, too."

Scrutiny of Skelos raises new questions about corruption cloud hovering over Albany

The Buffalo News

By Tom Precious

April 16, 2015 - 5:17 PM

ALBANY – Following the shenanigans in Albany is much like watching a tennis match, shifting your head from left to right and back again if you want to keep up with the seemingly unending string of corruption cases out of the state capital.

Now, the action is back on the Senate's side of the net, as a grand jury in New York City considers evidence in a possible federal criminal case against Senate Majority Leader Dean G. Skelos.

Skelos has not been charged with any crime, but word of the deepening investigation of the powerful Long Island Republican came just 84 days after the arrest on federal corruption charges of the Legislature's longtime top Democrat and longtime Assembly speaker, Sheldon Silver of Manhattan.

By midafternoon Thursday, Skelos dropped his past statements that he knew of no probe centered on him and acknowledged he has become just the latest in a string of investigations of top Albany officials.

"I have and will continue to cooperate with any inquiry," he said in a one-line written statement released by his office.

The probe comes at a time when lawmakers are scheduled to return to the Capitol next week to take up hundreds of issues in the sprint leading to the 2015 session's conclusion in June.

So the revelation sets the stage for a possible new round of dysfunction.

Should Skelos be indicted and forced to step down, as happened to Silver, no seamless replacement strategy is in place.

That is because his second-in-command, Sen. Thomas W. Libous, R-Binghamton, faces a federal trial this summer on charges of lying to FBI agents who were investigating the financial activities of him and his son.

When word of a federal probe of Skelos was first reported in January by WNBC, a New York television station, Skelos' office attacked that story as "irresponsible," "thinly sourced" and failing to "meet the standards of serious journalism."

Since then, the potential trouble for Skelos became a near-daily talking point among lawmakers, lobbyists and others at the Capitol, and the senator has not been as publicly visible as he had been in past years.

And after the New York Times reported Wednesday that a federal grand jury was being presented evidence in a matter involving Skelos and the business dealings of his son, Adam, the Long Island lawmaker's office had nothing to say beyond his 10-word statement.

A spokeswoman for U.S. Attorney Preet Bharara declined to comment Thursday. Bharara has conducted several Albany investigations, and his office still has open a probe of the Cuomo administration and how it handled the 2014 shutdown of the Moreland Commission, the ethics panel set up to investigate potential wrongdoing by lawmakers. Bharara's office obtained a truckload of documents from the work of that panel, and he has criticized Cuomo for ending its work while investigations were still open.

As is often the case in Albany, what was not being said Thursday was perhaps more telling than what was being said.

GOP circles wagons

Skelos' Republican colleagues were not rushing to his defense Thursday.

Several GOP senators, including close allies of Skelos, did not return calls seeking comment. NY1 reported that eight Republican senators from Long Island were issued subpoenas in the past week by Bharara's office in Manhattan.

"The only thing I know about is what I read in the paper, so I don't have any information," Sen. Michael H. Ranzenhofer, R-Amherst said, declining any further comment.

Democrats, whose ranks have experienced legal run-ins over the years, were mostly keeping a low profile Thursday, waiting to see how the Skelos matter plays out. A spokesman for Senate Minority Leader Andrea Stewart-Cousins, D-Yonkers, declined to comment, as did the usually talkative Sen. Michael N. Gianaris, D-Queens, who runs the Senate Democratic campaign committee that has been trying to help the party take over control of the 63-member chamber.

But outside the Albany Democratic power structure, some Democrats were starting to push the Skelos resignation button. Niagara County Democratic Chairman Nicholas J. Forster called on Republicans from Western New York to push for Skelos' resignation.

Blair Horner, of the New York Public Interest Research Group, said that little is known about what Bharara is looking at regarding Skelos and that it is too early to try to read the tea leaves.

"If no other shoes drop during the session, I don't anticipate it will have any impact," Horner said Thursday.

Could the latest news produce a chill over the end of session?

"I don't think they need any more refrigeration after the arrest of the speaker. It's already pretty chilly," Horner said.

Legislative crunch

The next couple of months are among the busiest in Albany. That is especially true in June, when three-quarters of what gets passed in the final weeks of session is introduced or amended in a final form.

The list of issues punted from the recent state budget talks to the session starting next week is especially long.

For starters, the state's property tax cap expires soon, and it is unsettled whether it will be extended in its current form or whether it will be amended to include some sort of further tax cuts for 3 million New Yorkers — as Skelos and Republicans want — or an income-based system to benefit 1 million New Yorkers — as Cuomo wants.

Rent-control laws in New York City are also expiring.

Mayoral control of New York City schools is also due to end unless renewed by the Senate and Assembly, and there is a new push from Buffalo to get its own power for mayoral control over the school district.

Still on the table, though opposed by Senate Republicans, is a measure to give state college aid to children of undocumented immigrants.

Another issue, also opposed by GOP senators, would increase the minimum wage.

The situation raises a question that can't yet be answered: Would a weakened or departed Skelos put the negotiating strength in the hands of the Assembly to get measures they want through the Senate?

Speculation on future

Even with lawmakers on vacation this week, there was much speculation about the future for Skelos.

One camp says that Skelos will have to step down if he is indicted. They point to Silver, who only months ago was unable to convince colleagues that he should remain their leader while he fights his federal corruption charges.

That camp also believes that Skelos, might be pressured to leave to both protect the Senate GOP's razor-thin majority and to prevent a legislative breakdown at a key moment during the session.

Consider what happened in the Assembly after Silver's indictment: Until he was replaced as speaker by Bronx Democrat Carl E. Heastie, the Assembly did not pass its first piece of legislation until Feb. 9 in a session that began Jan. 7.

On the other side, some speculated that Skelos, unlike Silver, is better positioned to remain in office through any legal troubles. He comes from the largest and most united group of senators – Republicans of Nassau and Suffolk counties – and there is no certain heir apparent.

Gone, too, are several Skelos political pains, such as former Sen. George D. Maziarz, a Newfane Republican who left office last year and revealed that he was being looked at by Bharara's office.

Leaders vulnerable

Holding a top post in the Senate has been a rough ride for many in recent years. Senate Democratic leaders Malcolm A. Smith, of Queens, and Pedro Espada, of the Bronx, were both convicted of crimes, and former GOP leader Joseph L. Bruno, of Brunswick, was acquitted last year after withstanding two corruption trials.

Another Senate Democratic leader, John L. Sampson, of Brooklyn, is still serving in the Senate after being charged in a corruption case.

The allegiances in the Senate can be a shifting game. Currently, the Republicans have 32 members, along with a Brooklyn Democrat who conferences with the GOP. There are five members of the Independent Democratic Conference, which has an alliance with the Senate Republicans. Then there are 24 senators in the mainline Democratic Conference. Sampson is not a part of any conference, although he votes along Democratic lines.

Singas launches probe of Nassau County contracting

Newsday

By PAUL LAROCCO AND YANCEY ROY

Updated April 16, 2015 2:53 PM

Nassau Acting District Attorney Madeline Singas said Thursday that she will investigate Nassau County's process for awarding contracts after reports that a federal grand jury is looking into allegations against state Sen. Dean Skelos (R-Rockville Centre) and his son.

Skelos' son Adam was hired by an Arizona company, AbTech industries, which received a \$12 million storm water treatment contract from Nassau County in 2013 despite not submitting the lowest cost proposal, county records show.

Federal authorities are probing whether Dean Skelos (R-Rockville Centre) exerted any influence in matters involving AbTech, The New York Times reported late Wednesday.

"Today's news about AbTech Industries is troubling and my Public Corruption Bureau will conduct a comprehensive review of Nassau County contracting practices," Singas, a Democrat, said in a statement.

Skelos, Long Island's highest-ranking state legislator, acknowledged the federal probe for the first time Thursday afternoon.

"I have and will continue to cooperate with any inquiry," Skelos said in a statement."

According to contract documents, AbTech was awarded a personal services agreement with Nassau's public works department based on a ranking assigned by county officials. The firm submitted a higher cost estimate than one of the other two bidders, but the county deemed AbTech the most-qualified firm based on "professional judgment."

The Times reported that prosecutors with the office of Preet Bharara, U.S. attorney for the Southern District of New York, were investigating Skelos and his son, citing unnamed sources.

Bharara's office also is looking into a payment to Adam Skelos for as much as \$20,000 by a title insurance firm for which he never worked, as well as the awarding by Nassau County of a contract to a firm where Adam Skelos was on the payroll, the paper reported.

Brian Nevin, spokesman for Nassau County Executive Edward Mangano, said the "county has been cooperating with law enforcement officials who have requested information relating to contracts that were awarded under an open, competitive and transparent procurement process."

Nevin said the "vast majority of what has been requested are documents that are publicly available and which had been reviewed and approved by the County Attorney, unanimously by County Legislature, Comptroller and NIFA as well as endorsed by environmental organizations given the nature of the work proposed."

Nevin said Mangano "and the county have been notified that they are not targets of the investigation and will continue to assist law enforcement officials in the event they require additional information regarding the methodology of this public procurement process and the specifics of how the award determination was made."

AbTech Industries of Scottsdale, Arizona, had received a county contract for storm water treatment although it was not the lowest bidder for the project, according to the report. In July 2014, Mangano issued a news release touting the merits of the treatment's technology, calling it a "major step forward" in protecting the environment.

Newsday has reported that Mangano, a Republican, testified last week before a federal grand jury looking into the case.

The sources said Mangano was asked about various Nassau County contracts. Mangano did not appear to be a target of the investigation and there was no suggestion he had done anything wrong, the sources said. He was questioned mostly about procedures and facts, such as what contracts had been let and who had bid on them, the sources said.

On Thursday morning at his Rockville Centre home, just blocks from his father's, Adam Skelos declined to comment. He referred questions to his lawyer, Christopher Conniff of Ropes & Gray, who did not immediately return messages Thursday morning.

An FBI official and a spokesman for Bharara had no comment Wednesday night.

Prosecutors are examining whether any dealings constituted a conflict of interest for Dean Skelos, and if he, as a top state legislator, intervened in matters concerning AbTech and another firm, Glenwood Management, which has had close ties to AbTech, the Times reported.

Another firm, Newport Engineering, had submitted a substantially lower bid, according to the Times report.

That company's head could not be reached Wednesday night.

According to AbTech's website, the storm water treatment contract was awarded in October 2013. The county's commissioner of Public Works this past February gave a green light to a second phase of the project in East Rockaway in Bay Park. That portion, the company said, was worth about \$12 million.

AbTech describes itself as "a full-service environmental technologies and engineering firm dedicated to providing innovative solutions to communities, industry and governments addressing issues of water pollution and contamination."

News of the probe surfaces weeks after another one of the state's long-standing political figures in Albany, Assembly Speaker Sheldon Silver (D-Manhattan), was arrested by federal investigators on corruption charges.

With Zachary R. Dowdy, Robert E. Kessler, John Riley and Darran Simon

Reports Of Probe Into Dean Skelos Spark Nassau Inquiry

Long Island Press
By Timothy Bolger
April 16, 2015

Federal authorities are reportedly investigating New York State Senate Majority Leader Dean Skelos (R-Rockville Centre) and his son, Adam—shocking news that has sparked a separate probe in Nassau County, officials said.

The New York Times reported Wednesday that Manhattan federal prosecutors have subpoenaed witnesses, including fellow elected officials from Long Island, to testify before a grand jury regarding Adam Skelos' business dealings with a company that won a lucrative Nassau County contract. As a result, Nassau prosecutors have also begun looking into county contracts. A spokesman for Nassau County Executive Ed Mangano said that he and the county are not targets of the federal probe, but are cooperating with investigators.

"I have and will continue to cooperate with any inquiry," Sen. Skelos said in a statement Thursday. In January, the senator had blasted an NBC news story for reporting that he was under investigation when, he claimed, he had not been contacted by law enforcement. Christopher Conniff, an attorney for his son, did not return a call for comment.

The news comes three months after New York State Assemb. Sheldon Silver (D-Manhattan) pleaded not guilty to charges that he allegedly used his influence to pad his own pockets during his two-decade tenure as the Assembly Speaker. Skelos, who is equally as powerful in Albany, is part of the "Three Men In The Room" that negotiates the state's legislative agenda with the Assembly speaker and Gov. Andrew Cuomo.

Declining to comment were representatives for the FBI and Preet Bharara, the U.S. Attorney for the Southern District of New York. Asked if any other elected official was under investigation when Silver was arrested, Bharara had replied, "Stay tuned."

Now the focus is on Nassau.

"One focal point has been Adam Skelos's hiring by an Arizona company, AbTech Industries, as well as a storm-water treatment contract that AbTech was awarded by Nassau County...even though the company was not the low bidder," the Times reported, citing anonymous sources. "Investigators are seeking to determine whether Senator Skelos exerted any influence in matters involving AbTech. They are also examining whether his son's hiring as a consultant was part of a scheme in which the senator, in exchange, would take official action that would benefit AbTech or another company, Glenwood Management, a politically influential real estate developer that has had ties to AbTech."

That line of inquiry has sparked a separate review by Nassau prosecutors.

"Today's news about AbTech Industries is troubling," Acting Nassau County District Attorney Madeline Singas, a Democrat, said in a statement Thursday. "My Public Corruption Bureau will conduct a comprehensive review of Nassau County contracting practices."

When asked to confirm reports that Mangano was among those asked to testify before the grand jury—according to the Times, they included some of Skelos' other fellow Republican state senators from LI—a spokesman for the county executive touted the transparency of Nassau government.

“Nassau County has the most transparent process known to government,” said Mangano spokesman Brian Nevin in a statement. “The County has been cooperating with law enforcement officials who have requested information relating to contracts that were awarded under an open, competitive and transparent procurement process.

“The County Executive and the County have been notified that they are not targets of the investigation,” Nevin continued, “and will continue to assist law enforcement officials in the event they require additional information regarding the methodology of this public procurement process and the specifics of how the award determination was made.”

Sources: Nassau County Executive Edward Mangano testified in federal grand jury investigation of state Sen. Dean Skelos, son

Newsday

By ROBERT E.KESSLER AND YANCEY ROY

Updated April 16, 2015 12:15 AM

Nassau County Executive Edward Mangano testified last week before a federal grand jury looking into allegations against state Sen. Dean Skelos (R-Rockville Centre), Long Island's highest-ranking legislator and the Senate's majority leader, and his son, sources said.

Mangano was among several Nassau politicians subpoenaed to testify, the sources said.

The New York Times reported Wednesday that prosecutors with the office of Preet Bharara, the U.S. attorney for the Southern District of New York based in Manhattan, were investigating Skelos and his son, Adam, citing unnamed sources.

Bharara's office is looking into a payment to Adam Skelos for as much as \$20,000 by a title insurance firm for which he never worked, as well as the awarding by Nassau County of a contract to a firm where Adam Skelos was on the payroll, the paper reported.

The firm, AbTech Industries of Scottsdale, Arizona, had received a county contract for storm water treatment although it was not the lowest bidder for the project, according to the report. In July 2014, Mangano issued a news release touting the merits of the treatment's technology, calling it a "major step forward" in protecting the environment.

The sources said Mangano was asked about various Nassau County contracts. Mangano did not appear to be a target of the investigation and there was no suggestion he had done anything wrong, the sources said. He was questioned mostly about procedures and facts, such as what contracts had been let and who had bid on them, the sources said.

Attempts to reach Mangano and his spokesman, Brian Nevin, were unsuccessful late Wednesday night.

A call to the senator's home Wednesday night was answered by a woman, who, before hanging up, said Skelos wasn't there.

Reached at his Rockville Centre home, just blocks away from his father's, Adam Skelos said, "Any questions you have, you can direct them to my attorney." His lawyer, Christopher Conniff, didn't immediately return messages Wednesday night.

An FBI official and a spokesman for Bharara had no comment Wednesday night.

Prosecutors are examining if any dealings constituted a conflict of interest for Dean Skelos, and whether he, as a top state legislator, intervened in matters concerning AbTech and another firm, Glenwood Management, which has had close ties to AbTech, the Times reported.

Another firm, Newport Engineering, had submitted a substantially lower bid, according to the Times report. That company's head could not be reached Wednesday night.

According to AbTech's website, the storm water treatment contract was awarded in October 2013. The county's commissioner of Public Works this past February gave a green light to a second phase of the project in East Rockaway in Bay Park. That portion, the company said, was worth about \$12 million.

AbTech describes itself as "a full-service environmental technologies and engineering firm dedicated to providing innovative solutions to communities, industry and governments addressing issues of water pollution and contamination."

News of the probe surfaces weeks after another one of the state's long-standing political figures in Albany, Assembly Speaker Sheldon Silver (D-Manhattan), was arrested by federal investigators on corruption charges.

Skelos probe threatens to upend Capitol, again

Poughkeepsie Journal (Gannett)
By Joseph Spector and Jon Campbell
5:04 p.m. EDT April 16, 2015

ALBANY – The head of the state Senate broke his silence Thursday after a report said federal prosecutors are presenting evidence against him and his son to a grand jury, a situation that could further send the state Capitol into turmoil.

In a 10-word statement, Senate Majority Leader Dean Skelos, R-Nassau County, appeared to confirm the federal probe first reported Wednesday night by the New York Times, suggesting he has been and will be cooperative.

“I have and will continue to cooperate with any inquiry,” Skelos said in the statement.

The investigation into Skelos sent another round of shock waves through the Capitol. On Jan. 22, the then-head of the Assembly, Speaker Sheldon Silver, D-Manhattan, was arrested on corruption charges and later resigned as the chamber’s leader.

Nearly 40 state lawmakers have faced ethical woes since 2000, a Gannett tally found.

“We’re not going to know what the impact is until we know if there is actually an indictment” of Skelos, said Susan Lerner, executive director of Common Cause/NY. “But these constant series of allegations just underline how badly we need to have an honest examination and conversation about ethics and oversight in Albany.”

In its report late Wednesday, the Times said U.S. Attorney Preet Bharara, who is prosecuting Silver, has presented evidence to a federal grand jury about the business dealings of Skelos’ 32-year-old son, Adam.

Citing unnamed sources familiar with the case, the Times report said prosecutors are focusing on whether Skelos, the Republican leader since 2008, used his influence to benefit AbTech Industries, an Arizona company that hired his son and won a contract in Nassau County despite not being the low bidder.

NBC4 in New York City first reported in January that Skelos was drawing scrutiny from Bharara. Skelos’ office pushed back against the NBC report at the time, calling it “irresponsible.”

Nassau County spokesman Brian Nevin said the county is cooperating in the federal probe and is not a target.

“Nassau County has the most transparent process known to government,” Nevin said in a statement. “The county has been cooperating with law enforcement officials who have requested information relating to contracts that were awarded under an open, competitive and transparent procurement process.”

Bharara’s interest in Skelos comes after Bharara offered the ominous statement, “Stay tuned,” after announcing corruption charges against Silver.

A Bharara spokesman declined comment about any investigation into Skelos, and none of the 32-member Senate Republican conference offered any comment Thursday about Skelos’ situation.

If Skelos were to be indicted, he would face pressure to step down as Senate leader -- similar to the public calls that Silver faced to resign. There is already speculation about potential successors, such as Sen. John Flanagan of Long Island or Cathy Young of western New York.

"If there is an indictment, I would assume Dean, for the good of the conference, would probably step down," Westchester County Executive Rob Astorino said Thursday on WGDJ-AM (1300) in Albany. "That would be his decision. At this point, you've got to presume him innocent."

The Legislature has been on a spring break for the past two weeks. Lawmakers will return Tuesday for session, which runs until June 17.

The Senate has had troubled leadership. Former Republican Leader Joseph Bruno stood trial twice on federal corruption charges, but was acquitted last year.

Senate leaders Pedro Espada, D-Bronx, and Malcolm Smith, D-Queens, were both convicted in recent years. Smith faces sentencing on July 1; Espada is serving a five-year prison sentence. And former Democratic Senate Leader John Sampson, D-Brooklyn, has been charged in a corruption case.

Skelos' second in command, Thomas Libous of Binghamton, has also been charged for allegedly lying to the FBI about questions that he used his influence to get his son a job at a powerful Westchester County law firm. He has maintained his innocence.

Libous' son, Matthew, was convicted in January on tax fraud, and the senator faces a trial in July.

Skelos allies quiet on investigation report

Capital New York

By Jimmy Vielkind and Josefa Velasquez

12:53 p.m. | Apr. 16, 2015

ALBANY—Republican state senators are saying nothing, for now, about a Thursday New York Times report that federal prosecutors have Senate leader Dean Skelos in their crosshairs.

"I can't comment," said State Senator Phil Boyle, who represents Suffolk County and, according to NY1, was one of eight senators to receive subpoenas for budget documents stretching back to 2013.

Other Republican senators either didn't return calls, declined to comment, or offered similarly terse replies.

Marty Golden, of Brooklyn, said he was in transit and asked a reporter to follow up with his office.

David Laska, a spokesman for the Republican State Committee, said it was premature to talk about "just a newspaper story."

The Times, which frequently breaks news regarding the activities of U.S. Attorney Preet Bharara's office, reported that federal prosecutors have begun presenting evidence to a grand jury related to Skelos and his 32-year-old son, Adam, centering on a contract awarded to AbTech Industries by Nassau County.

AbTech employs Adam Skelos, and its board includes associates of Leonard Litwin, a major landlord who is the state's leading political donor.

Newsday reported that Nassau County executive Ed Mangano, a Skelos ally, spoke to a grand jury last week about how county officials selected AbTech for a \$13 million contract for storm water treatment.

Spokespeople for Senator Skelos declined to say whether the leader had been questioned by investigators or retained an attorney. In January, Skelos' aides called a report that the senator was under investigation for his ties to real estate firms "thinly sourced," and said he had not been contacted by prosecutors.

As he announced charges against Assembly Speaker Sheldon Silver, Bharara told the public to "stay tuned."

Public officials outside the Republican Senate conference were also cautious in their public reaction to the news.

"I don't want to prejudge this particular issue," said Jay Jacobs, chairman of the Nassau Democratic committee. "I know Dean Skelos and I happen to like him and I'm going to wait to see what exactly plays out. I would only say that I think generally, here on Long Island in particular ... we have to really reassess how the business of government is conducted."

But privately, the reports rekindled speculation at the Capitol that an indictment of one of the most powerful men in Albany could be imminent, and about what effect such an event could have on the State Senate leadership and the remainder of the legislative session.

A similar round of news reports preceded formal charges against Silver by several weeks. His fellow Democrats initially stood by him, but in less than a week decided that he would have to step down.

Several Skelos allies noted that the dynamic in the State Senate is different, and that there is precedent for Republican leaders to remain in place even if charges are brought. Tom Libous, a Binghamton Republican, was reappointed as Skelos' deputy after he pleaded not guilty to charges that he lied to the F.B.I.

Democrats began whispering about the prospects of running in 2016 against a Republican conference whose two top leaders were both under indictment, further buoyed by the expected surge in Democratic turnout that would accompany Hillary Clinton's presidential run.

There are currently 32 elected Republicans in the 63-seat State Senate. Simcha Felder, a Democrat from Brooklyn, sits with the Republican conference, and the G.O.P. has continued an alliance with the five-member Independent Democratic Conference, which often backs it on legislation and in public rhetoric.

The Republican conference has seven freshman members, five of whom come from upstate areas. Skelos' core power base is the bloc of nine senators from Long Island, which Senate observers said would remain united behind one of their own, possibly John Flanagan, if Skelos can no longer lead.

Two upstaters also hold prominent positions in the chamber leadership: Cathy Young, of Olean, chairs the Senate Republican Campaign Committee and John DeFrancisco, of Syracuse, controls the finance committee.

One of Skelos' Senate Republican allies, speaking on background, dismissed the idea of a leadership changes as academic.

Joe Bruno, who preceded Skelos as the Republican leader, remained in place even after publicly acknowledging the F.B.I. was probing his work as a business consultant. Bruno was indicted twice and eventually exonerated of all charges.

"We've seen this before," the ally said. "I didn't see anything in there, especially with Senator Skelos, that was newsworthy. It's just news reporters trying to connect dots."

NY Senate leader Dean Skelos says he's cooperating with probe
Senate Republican leader Dean Skelos is shown March 30 in Albany AP file

By Associated Press
Posted: 04/16/15, 6:34 AM EDT

ALBANY, N.Y. (AP) — New York state Senate Leader Dean Skelos said Thursday he will cooperate with authorities following a published report that prosecutors and the FBI are investigating him and his son.

The New York Times, citing unidentified sources, reported Wednesday that U.S. Attorney Preet Bharara is examining whether the Long Island Republican influenced Nassau County's decision to give a stormwater treatment contract to an Arizona company that hired his son Adam.

The report says the investigation also focuses on \$20,000 paid to Adam Skelos by a title insurance company he never worked for.

Dean Skelos appeared to acknowledge the investigation in a statement Thursday.

"I have and will continue to cooperate with any inquiry," he said.

The senator and his office did not respond to messages seeking additional information.

The allegations come at a particularly difficult time for the New York Legislature. Former Speaker Sheldon Silver, the Manhattan Democrat who led the Assembly for 20 years, was arrested in January on charges that he took nearly \$4 million in kickbacks and payoffs. He has pleaded not guilty.

Silver was the sixth legislative leader to face criminal charges in the past six years.

In January, when he announced charges against Silver, Bharara said his work continued. "Stay tuned," he said. His office declined to comment Thursday.

The newspaper reported that investigators are focusing on a \$12 million stormwater management contract awarded by Nassau County to Arizona-based AbTech Industries in 2013. The Times reported that Adam Skelos introduced local officials to the company, which won the contract even though it did not submit the lowest bid.

According to The Times the investigation also includes \$20,000 paid to Adam Skelos by a title insurance company he allegedly never worked for.

Messages left for Adam Skelos' attorney and AbTech were not returned Thursday.

Brian Nevin, a spokesman for Nassau County Executive Edward Mangano, confirmed the existence of an investigation relating to county contracts. Nevin said Mangano and the county were notified that they are not targets of the investigation.

"Nassau County has the most transparent process known to government," Nevin wrote in a statement.

Nevertheless, Acting Nassau County District Attorney Madeline Singas announced Thursday that her office will take a look at the county's contract process.

"Today's news about AbTech Industries is troubling and my Public Corruption Bureau will conduct a comprehensive review of Nassau County contracting practices," she said in a statement.

Senate leader Dean Skelos says he's cooperating with probe

Lohud

Jon Campbell, jcampbell1@gannett.com

2:14 p.m. EDT April 16, 2015

The head of the state Senate broke his silence Thursday after the New York Times reported federal prosecutors are presenting evidence against him and his son to a grand jury.

In a terse, 10-word statement, Senate Majority Leader Dean Skelos, R-Nassau County, appeared to confirm the federal probe, suggesting he has been and will be cooperative.

"I have and will continue to cooperate with any inquiry," Skelos said in the statement.

In its report late Wednesday, the Times said U.S. Attorney Preet Bharara has presented evidence to a federal grand jury about the business dealings of Skelos' 32-year-old son, Adam.

Citing unnamed sources familiar with the case, the Times report said prosecutors are focusing on whether Skelos used his influence to benefit AbTech Industries, an Arizona company that hired his son and won a contract in Nassau County despite not being the low bidder.

NBC4 in New York City first reported in January that Skelos was drawing scrutiny from Bharara, who has charged now-former Assembly Speaker Sheldon Silver, D-Manhattan, with participating in a kickback scheme.

Skelos' office pushed back against the NBC report at the time, calling it "irresponsible."

Dean Skelos: 'I have and will continue to cooperate with any inquiry'

Capitol Confidential

by Matthew Hamilton

Posted on April 16, 2015 at 2:05 pm

Senate Republican Majority Leader Dean Skelos has broken his silence on a New York Times report published Wednesday that federal investigators are looking into the his dealings and those of his son Adam.

In a one-line statement emailed Thursday afternoon, Skelos said, "I have and will continue to cooperate with any inquiry."

He initially did not respond to the Times' questions.

The Times reported that Skelos and his son are the focus of a corruption inquiry and prosecutors have begun presenting evidence to a federal grand jury. NY1 reported that subpoenas for documents have been served to eight of the nine Long Island senators (a band of Republicans often referred to as the Long Island Nine), aside from Skelos, who represents part of Nassau County.

Investigators from U.S. Attorney for the Southern District Preet Bharara's office are looking at Adam Skelos's business dealings with storm-water treatment company AbTech Industries, according to the Times. Investigators are reportedly trying to figure out if Skelos used influence in matters involving AbTech.

N.Y. State Senate Leader Dean Skelos Under Investigation

Inquiry involving Mr. Skelos and his son is part of wider probe into corruption in Albany

Wall Street Journal

By Rebecca Davis O'Brien and Erica Orden

4/16/15 12:34 AM

Federal officials are investigating New York state Senate leader Dean Skelos and his son as part of a wider probe into corruption in Albany, according to people familiar with the matter.

The probe by the U.S. Attorney for the Southern District of New York, Preet Bharara, includes evidence presented to a grand jury, these people said. They said it is looking into the business dealings of Adam Skelos, along with whether his father, one of the most powerful Republicans in the state, did anything to improperly aid him.

Neither Dean nor Adam Skelos has been accused of wrongdoing.

A spokeswoman for the Senate leader didn't immediately respond to a request for comment. An attempt to reach his son was unsuccessful.

The probe, along with details about the business dealings of Adam Skelos, 32 years old, was reported earlier by the New York Times.

Adam Skelos was quoted by the Times as saying he was surprised to learn he was the focus of a federal inquiry.

The Skelos investigation comes as Mr. Bharara is pursuing a corruption case against Sheldon Silver, the longtime Assembly speaker who stepped down from his leadership post after his arrest in February. The Democrat has pleaded not guilty and said he would be vindicated.

Mr. Bharara was rebuked last week by a federal judge in that case for engaging in a "media blitz" that she said bordered on misconduct. District Judge Valerie Caproni wrote that she was "troubled by remarks by the U.S. attorney that appeared to bundle together unproven allegations regarding the defendant with broader commentary on corruption and a lack of transparency in certain aspects of New York state politics."

The 67-year-old Mr. Skelos, a Republican who represents Nassau County on Long Island, has served in the state Senate since 1985, rising to majority leader in 2008.

Under the administration of New York Gov. Andrew Cuomo, who took office in 2011, the elder Mr. Skelos has proved alternately both a useful foil and a bipartisan ally for the state's Democratic chief executive.

In the governor's first term, Mr. Skelos's support of measures such as gun control allowed Mr. Cuomo to shepherd some of his highest-profile pieces of socially liberal legislation through Albany, and Mr. Skelos's efforts to help the governor achieve four on-time state budgets for the first time in decades allowed Mr. Cuomo to tout his ability to work collegially across the political aisle.

But Mr. Skelos's stance on other matters—particularly the public financing of political campaigns, which Mr. Skelos has opposed—has given Mr. Cuomo cover when such proposals fail in the Legislature, providing the governor with some insulation from criticism that he didn't push hard enough to help them pass.

While in 2012 Mr. Skelos entered into a power-sharing arrangement to preside over the Senate in conjunction with Sen. Jeffrey D. Klein, the leader of a breakaway faction of Democrats known as the Independent

Democratic Conference, Mr. Skelos has served as the sole majority leader of the chamber since the Republicans won a clear majority in the 2014 election cycle.

Outside of his leadership position in the Senate, Mr. Skelos—who is known to spend much of his downtime at his condo in Fort Myers, Fla.—has served as “of counsel” at the Uniondale, N.Y., law firm of Ruskin Moscou Faltischek P.C., where in recent years he has earned between \$150,000 and \$250,000 in outside income, according to state records.

Mr. Skelos has listed his work for the firm as having been in the areas of general practice, real estate, civil litigation, corporate and health care, according to state disclosure forms. But public court records show no sign that he has ever appeared as an attorney on behalf of clients in state or federal court.

State Senate boss Dean Skelos eyed in corruption case

New York Post

By Rich Calder, Jamie Schram, and Joe Tacopino

April 16, 2015 12:29 AM

State Senate leader Dean Skelos and his son are being probed by the US Attorney's Office, which has convened a grand jury and presented evidence about possible corruption in the latest claim of financial misconduct to rock Albany, sources said.

The Long Island Republican was targeted by US Attorney Preet Bharara over Skelos' relationship with an Arizona contracting company that hired Skelos' son, Adam — and which was awarded a lucrative Nassau County contract, according to a report in The New York Times.

The company, AbTech Industries, received a stormwater treatment contract despite not having submitted the lowest bid, the Times said.

Law enforcement sources told The Post that state senators have been subpoenaed in the investigation and evidence in the probe has been presented to a grand jury.

Adam Skelos was also allegedly paid \$20,000 by a title insurance company for which he never worked, sources said.

Adam is currently listed as a vice president at that company, East Coast Abstract Group, where he has brought in some lucrative contracts.

"Adam is a 12-year veteran of the title industry," the company's website says.

"Adam started with the East Coast Abstract Group in July 2011 and has enjoyed major success in delivering multimillion-dollar commercial and residential closings to the firm."

Dean Skelos, who represents southwest Nassau, is the latest high-profile politician to come under scrutiny by Bharara's office.

The US attorney has been on a crusade since Gov. Andrew Cuomo disbanded the Moreland Commission, an anticorruption panel that the governor himself created in July 2013.

The commission was looking into possible misdeeds by former Assembly Speaker Sheldon Silver, who was indicted in February for allegedly lining his pockets with nearly \$4 million in bribes and kickbacks in a stunning abuse of power dating to at least 2000.

His arrest capped a secret grand jury probe spearheaded by Bharara.

Speaking at a Fordham Law School forum last month, the ambitious US attorney said he was devoted to cleaning up Albany.

"Archimedes said to move Earth itself, all he needed was a long enough lever and a place to stand," Bharara said. "To put it blunter, in New York terms: If we could clean up Times Square, can we really not clean up Albany?"

“Just give people a long enough lever and a place to stand.”

A Bharara spokesman declined to comment Wednesday night.

New York Senate leader Dean Skelos, son target of federal investigation: report

NEW YORK DAILY NEWS /

BY Denis Slattery , Kenneth Lovett , Jason Molinet /

Updated: Wednesday, April 15, 2015, 11:11 PM

Federal prosecutors have started presenting evidence to a grand jury considering a case against state Senate Majority Leader Dean Skelos and his son, The New York Times reported Wednesday.

Prosecutors have been looking into the Long Island Republican and son Adam Skelos regarding possible conflict of interest and violations of federal corruption statutes, an unidentified source told The Times.

Investigators have interviewed and subpoenaed several people close to Skelos in recent weeks, including some of his colleagues in the Senate, the report said.

Prosecutors reportedly flagged a connection between a stormwater treatment contract in Skelos' district being awarded to AbTech, an Arizona-based company that hired Adam Skelos as a consultant.

AbTech won the contract even though it was not the low bidder, and the feds want to determine whether Sen. Skelos (R-Nassau County) played a role.

A \$20,000 payment made to Adam Skelos from a title insurance company he never worked for is another focus of the grand jury probe, according to The Times.

The U.S. attorney's office declined comment while the FBI did not respond to a request for comment.

Skelos, of Rockville Centre, has served in the Senate since 1984 and also serves as counsel to the law firm Ruskin, Moscou Faltischek on Long Island.

Prosecutors reportedly flagged a connection between a stormwater treatment contract in Skelos' district being awarded to AbTech, an Arizona-based company which hired Adam Skelos (left, pictured with his father) as a consultant.

He denied a January report that he was under investigation related to outside income. The federal probe follows a rash of high-ranking Albany leaders finding themselves under federal indictment.

In January, Assembly Speaker Sheldon Silver (D-Manhattan) was arrested for allegedly lining his pockets with nearly \$4 million in bribes and kickbacks over the past 15 years. Silver, a Democrat, was indicted by a federal grand jury on fraud and extortion charges Feb. 19.

Sen. Tom Libous, a powerful ally of Skelos, and his son were indicted last year — the dad for allegedly lying to federal agents and the son for filing false tax returns.

If indicted, the 67-year-old Skelos would follow a long line of troubled Senate leaders — four of the last five have been indicted on criminal charges.

Representatives for Skelos did not respond to requests for comment.

Sources: NY Senate Majority Leader Dean Skelos, Son Investigated After Allegations Of Corruption

CBS New York

April 16, 2015 2:00 PM

ALBANY, N.Y (CBSNewYork) – A federal probe is underway in Albany after new allegations of corruption.

Sources tell CBS2 the FBI and federal prosecutors are investigating New York State Senate Majority Leader Dean Skelos (R-Rockville Centre) and his son Adam.

The New York Times reports payments to Adam Skelos by a company with a Nassau County contract and money from a title insurance firm Adam Skelos never worked for are in the cross-hairs of the investigation. The probe is also focusing on whether the elder Skelos exerted any influence to help his son.

The latest allegations are troubling and show the need to cap Albany lawmakers' outside income, Executive Director of the Citizens Union Dick Dadey said.

"It's taken an outside cop, the U.S. Attorney's Office, to come and begin to clean up the swamp that is Albany," Dadey told WCBS 880's Paul Murnane.

The elder Skelos called reports earlier this year of a focus on his ties to real estate "irresponsible."

In a statement Thursday, Skelos said, "I have and will continue to cooperate with any inquiry."

His 32-year-old son seemed surprised by what sources are saying about the focus of the investigation, telling the Times "I had no idea this was an issue."

The Skelos investigation comes on the heels of the recent indictment of former Assembly Speaker Sheldon Silver, who is facing corruption charges.

Dean Skelos, son reportedly face criminal inquiry

My Fox New York

By MYFOX NEW YORK STAFF

Posted: Apr 16, 2015 6:33 AM EDT Updated: Apr 16, 2015 6:43 AM EDT

NEW YORK (MYFOXNY) - New York State Senate Leader Dean Skelos and his son, Adam Skelos, are reportedly being investigated for alleged corruption involving business dealings by Adam Skelos. The NY Times reports that federal investigators have begun presenting evidence to a grand jury.

Prosecutors are looking into Adam Skelos', 32, hiring by AbTech, a storm water treatment company. Nassau County awarded the company a contract worth up to \$12M to treat its storm water.

According to the Times, AbTech was not the lowest bidder. Authorities want to know if Skelos, 67, influenced the awarding of the bid.

Prosecutors are also taking a closer look at a \$20K payment to Adam Skelos from a company that he never worked for.

Earlier this year, Assembly Speaker Sheldon Silver was arrested on corruption charges. The government said he had collected nearly \$4 million in bribes and kickbacks since 2002 and disguised the proceeds as legitimate income.

Report: NY Senate leader Dean Skelos, and son, under corruption investigation

Syracuse.com

By Teri Weaver | tweaver@syracuse.com

April 16, 2015 at 7:01 AM, updated April 16, 2015 at 7:29 AM

SYRACUSE, N.Y. -- Senate Majority Leader Dean Skelos and his son are the focus of a federal corruption investigation, The New York Times reports.

A federal grand jury is hearing evidence and some other state senators from Long Island have been subpoenaed, according to the Times.

The investigation focuses on two areas surrounding Skelos's son, Adam, the report says:

"One focal point has been Adam Skelos's hiring by an Arizona company, AbTech Industries, as well as a storm-water treatment contract that AbTech was awarded by Nassau County -- the senator's political backyard -- even though the company was not the low bidder. Another area of inquiry has been a \$20,000 payment to Adam Skelos from a title insurance company that he never worked for."

Investigators are looking for evidence of whether Skelos used any political influence in regards to AbTech, the Times reports:

"According to people familiar with the questions being asked by federal authorities, investigators are seeking to determine whether Senator Skelos exerted any influence in matters involving AbTech. They are also examining whether his son's hiring as a consultant was part of a scheme in which the senator, in exchange, would take official action that would benefit AbTech or another company, Glenwood Management, a politically influential real estate developer that has had ties to AbTech."

Neither Dean nor Adam Skelos has been accused of any wrongdoing. Dean Skelos declined to answer questions from the Times. Adam Skelos, in a short interview outside his home, said he was shocked to find out about the inquiry.

The Times report relies on unnamed sources. The Times was also the first newspaper to break the news of the arrest of former Assembly Speaker Sheldon Silver, D-Manhattan.

Silver has denied all charges against him. He stepped down as speaker and remains in the Legislature.

Report: Senate Majority Leader Dean Skelos, Son Under Federal Investigation

TWC News

By Barry Wygel

Thursday, April 16, 2015 at 07:09 AM EDT

Federal prosecutors are presenting evidence to a grand jury in a case involving both Senate Majority Leader Dean Skelos and his son. That's according to a report from the New York Times.

According to the Times, part of the investigation involves the hiring of Adam Skelos by Arizona-based company, AbTech Industries.

The company reportedly was awarded a storm-water treatment contract despite not being the lowest bidder.

Prosecutors are trying to determine if Skelos used any influence as a top state lawmaker to make that happen.

The paper also reported subpoenas from federal prosecutors have been sent out in recent weeks, including to several Long Island state Senators.

A source with direct knowledge of the subpoenas says that they were sent out within the past week to eight Long Island senators.

The subpoenas asked for any documents from January 2013 to the present regarding the state budget and four or five different companies, including the Arizona company mentioned in the Times' story.

Reports: N.Y. State Senate leader Dean Skelos under federal investigation for corruption

UPI

By Amy R. Connolly

April 16, 2015 at 8:28 AM

ALBANY, N.Y., April 16 (UPI) -- New York state Senate leader Dean Skelos and his son are being investigated by the U.S. Attorney General's Office as part of a corruption scandal, several media sources have reported.

According to The New York Times federal prosecutors are presenting evidence to a grand jury. The investigation is looking into the business dealings of Adam Skelos and whether his father, the state majority leader, exerted any power to aid him.

Neither Dean nor Adam Skelos has been accused of wrongdoing.

Investigators are targeting the Long Island Republican over his relationship with an Arizona contracting company that hired Adam Skelos. The company, AbTech Industries, was awarded a lucrative storm-water treatment contract despite not having submitted the lowest bid.

On their website, AbTech Industries claims the storm water treatment contract was awarded in October 2013.

Investigators are also looking into a \$20,000 payment to Adam Skelos from a title insurance company he never worked for.

Adam Skelos, 32, said he was surprised to learn of the federal inquiry.

"I had no idea that this was even an issue," he said. "I got to tell you, this is really unexpected."

Skelos, 67, represents Nassau County on Long Island. He's served in the state Senate since 1985.

Dean Skelos: 5 Fast Facts You Need to Know

Heavy

By David Gardner

Published 4:30 am EDT, April 16, 2015

A federal grand jury is considering evidence in a possible case against New York Senate Majority Leader Dean Skelos and his son, the New York Times reported on Wednesday.

The latest corruption claim to rock Albany has left the State Senate in turmoil.

Neither Skelos, 67, nor his son, Adam, 32, could immediately be reached for a response. The New York Times said neither responded to written questions, but it quoted the son as saying to a reporter outside his home that he was surprised to learn he was the focus of a federal inquiry. "I had no idea that this was even an issue," he was quoted as saying.

The paper also said neither man was accused of wrongdoing.

Here's what you need to know:

1. He is Under Investigation Over His Business Relationship With His Son

The secret proceeding is focusing on the business dealings of Adam Skelos, 32, including his hiring by an Arizona company that won a local government contract in New York although it was not the low bidder, and a \$20,000 signing bonus from a title insurance company that never employed him, the Times said, citing unnamed sources.

Investigators are trying to determine whether the elder Skelos, 67, used his political influence to help the Arizona company, AbTech Industries, which won a \$12 million storm-water treatment contract from Nassau County on Long Island, the Republican senator's home district.

2. He first won elective office on November 4, 1980

He had had a long career in the state assembly. He served as the Chairman of the Senate Aging Committee before stepping down from that post after ten years. Skelos was also instrumental in the passage of the Sex Offender Registration Act, also known as Megan's Law, which mandated that convicted sex offenders register with local law enforcement authorities and that local communities be apprised of the presence of all known sex offenders.

As Co-Chairman of the Joint Committee on Breast Cancer and Pesticides, Skelos helped to draft the Health Research Science Law, which established a Pesticide Registry within New York State.

Since 1989, Skelos has been Co-Chairman of the Legislative Task Force on Demographic Research and Apportionment, a position that requires he and his colleagues to redraw the boundaries of Assembly, Senate, and congressional districts within New York State.

In 1993, Skelos was appointed as Chairman of the Task Force on Economic Recovery and Job Development.

He was Deputy Majority Leader of the New York State Senate from 1995 to 2008, and Majority Leader in 2008.

Skelos has been a member of the board of directors of the State Legislative Leaders Foundation since 1998, as well as a member of the National Conference of State Legislators and National Conference of Insurance Legislators.

In 2011, he voted against the Marriage Equality Act, which the Senate passed 33-29. In a statement he said, "This is a very difficult issue and it will be a vote of conscience for every member of the Senate."

3. He's a Lawyer

In addition to the Skelos family's relationship with AbTech, federal investigators are zeroing in on the signing bonus that American Land Services paid to the younger Skelos, although he never went to work for the company.

Neither American Land Services nor AbTech Industries immediately responded to requests from the New York Times for comment.

In addition to his service in the New York State Senate, he is also counsel to Ruskin Moscou Faltischek P.C.

4. Albany Has Been Blasted as 'One of The Most Corrupt Governments in The Nation

Both cases stem from a 2013 anti-corruption panel known as the Moreland Commission that was created and abruptly dismantled by Governor Andrew Cuomo, a sudden change that triggered an investigation by U.S. Attorney Preet Bharara.

The Times report on Wednesday said the Democratic governor disbanded the panel as part of a budget deal involving Skelos and Silver.

The governor, whose office did not immediately respond to a request for comment, has previously said the Moreland Commission was temporary in nature and not meant to work in perpetuity.

Bharara has castigated Albany for housing "one of the most corrupt governments in the nation" and said the concentration of power among the "three men in the room" – as Cuomo, Silver and Skelos were widely known – may be part of the problem.

5. The Probe Follows The January Arrest of ex-Speaker Sheldon Silver

News of the grand jury investigation comes as Albany is still reeling from the January arrest of then-New York State Assembly Speaker Sheldon Silver, a Democrat, on federal corruption charges. Silver lost a bid last week to dismiss those charges.

NY State Senate Majority Leader Dean Skelos Reportedly Under Investigation

Gothamist

By Jen Chung

April 16, 2015 8:16 AM

Dean Skelos, the Long Island Republican who is the NY State Senate Majority Leader and one of the "three men in a room" who decides Albany policy, is under federal investigation, according to the NY Times.

The Times reports that the feds have been presenting evidence to a grand jury and "served a number of subpoenas in recent weeks, including several to state senators on Long Island, and federal prosecutors have interviewed people who have had dealings with Adam Skelos, the senator's son."

Prosecutors and the F.B.I. have focused on at least two areas in their investigation of Senator Skelos and his son, zeroing in on the younger man's business dealings, according to several people with knowledge of the matter.

One focal point has been Adam Skelos's hiring by an Arizona company, AbTech Industries, as well as a storm-water treatment contract that AbTech was awarded by Nassau County — the senator's political backyard — even though the company was not the low bidder. Another area of inquiry has been a \$20,000 payment to Adam Skelos from a title insurance company that he never worked for.

Later on in the story, there's more explanation about how AbTech, which manufactures sponges to filter pollutants, has a NY connection (apparently two men connected with Long Island-based "Glenwood, which develops rental apartments in New York City," are connected to an AbTech investor). Oh, the potential irony of being felled by a dirty sponge!

Notably, U.S. Attorney Preet Bharara's office went after Sheldon Silver, the longtime Assembly leader from lower Manhattan, for an alleged multi-million kickback scheme. Silver stepped down as Assembly Speaker (Carl Heastie of the Bronx is the current Speaker), but is still a member of the Assembly as he continues to proclaim his innocence. So this finding from the Times is interesting: "Glenwood Management, one of the state's largest campaign donors, also surfaced in the criminal case against Mr. Silver, a Manhattan Democrat who is accused of steering Glenwood and another developer to a law firm that gave him a cut of their fees. Glenwood has not been accused of wrongdoing in the Silver case or in the investigation involving the Skeloses."

Bharara took over the public corruption investigations left from Governor Cuomo's "ethics" panel, the Moreland Commission. Cuomo pulled the plug on the commission, claiming it was an "overwhelming success."

Could Preet be trying for the trifecta?

Dean Skelos being investigated by feds

Bharara's probe may tie him to Glenwood Management

The Real Deal

By Tess Hoffmann

April 16, 2015 08:30AM

Dean Skelos, the New York Senate Majority Leader, is under investigation by the federal government for possibly taking actions to benefit Abtech, an Arizona-based company that hired his son, as well as Leonard Litwin's Glenwood Management.

Several subpoenas have been served to Skelos' Senate colleagues in recent weeks, and evidence is being presented to a grand jury, the New York Times reported.

The investigation by Preet Bharara, U.S. Attorney for the Southern District of New York, focuses on the hiring of Skelos' son by Abtech, a company that was also awarded a storm-water treatment contract in Nassau County, where the Skelos family lives.

The investigation also found that several high-ranking Glenwood Management members have done business with Abtech. Bharara is looking into whether Skelos took official action to benefit either Abtech or Glenwood.

The investigation recalls the arrest of the former New York State Assembly Speaker Sheldon Silver earlier this year. Glenwood surfaced in that corruption case as a beneficiary of 421a tax breaks, though it was not accused of wrongdoing. [NYT] — Tess Hofmann

Federal grand jury probes NY Senate's Skelos, son: New York Times

Reuters

By Barbara Goldberg

Wed Apr 15, 2015 11:37pm EDT

(Reuters) - A federal grand jury is considering evidence in a possible case against New York Senate Majority Leader Dean Skelos and his son, the New York Times reported on Wednesday.

The secret proceeding focuses on the business dealings of Adam Skelos, 32, including his hiring by an Arizona company that won a local government contract in New York although it was not the low bidder, and a \$20,000 signing bonus from a title insurance company that never employed him, the Times said, citing unnamed sources.

Investigators are trying to determine whether the elder Skelos, 67, used his political influence to help the Arizona company, AbTech Industries, which won a \$12 million storm-water treatment contract from Nassau County on Long Island, the Republican senator's home district.

Neither Skelos nor his son could immediately be reached for a response. The New York Times said neither responded to written questions, but it quoted the son as saying to a reporter outside his home that he was surprised to learn he was the focus of a federal inquiry. "I had no idea that this was even an issue," he was quoted as saying.

The paper also said neither man was accused of wrongdoing.

News of the grand jury investigation comes as Albany is still reeling from the January arrest of then-New York State Assembly Speaker Sheldon Silver, a Democrat, on federal corruption charges. Silver lost a bid last week to dismiss those charges.

Both cases stem from a 2013 anti-corruption panel known as the Moreland Commission that was created and abruptly dismantled by Governor Andrew Cuomo, a sudden change that triggered an investigation by U.S. Attorney Preet Bharara. The Times report on Wednesday said the Democratic governor disbanded the panel as part of a budget deal involving Skelos and Silver.

The governor, whose office did not immediately respond to a request for comment, has previously said the Moreland Commission was temporary in nature and not meant to work in perpetuity.

Bharara has castigated Albany for housing "one of the most corrupt governments in the nation" and said the concentration of power among the "three men in the room" - as Cuomo, Silver and Skelos were widely known - may be part of the problem.

In addition to the Skelos family's relationship with AbTech, the Times said, federal investigators are zeroing in on the signing bonus that American Land Services paid to the younger Skelos, although he never went to work for the company.

Neither American Land Services nor AbTech Industries immediately responded to requests for comment.

(Reporting by Barbara Goldberg; Editing by Edmund Klamann)

Report: New York Senate Leader Dean Skelos Is Under Federal Investigation

New York Magazine
By Margaret Hartmann
April 15, 2015 10:42 p.m.

The arrest of New York State Assembly speaker Sheldon Silver on federal corruption charges earlier this year, and his subsequent resignation as speaker, sent shock waves through Albany — and apparently U.S. Attorney Preet Bharara was just getting started. The New York Times reports that federal prosecutors are presenting evidence to a grand jury in a case involving Dean Skelos, leader of the New York State Senate, and the Long Island senator's son, Adam Skelos. In January, Bharara bashed the political culture in Albany, saying that if the charges against Silver stick, "then at least one of the proverbial three men in a room is deeply compromised." If Skelos is "compromised" as well, Albany will be plunged even deeper into chaos.

According to the Times, the probe focuses on a \$20,000 signing bonus Adam Skelos, 32, received from a title insurance firm he never worked for, and why AbTech Industries hired him as a consultant. AbTech, which is based in Arizona, was awarded a storm-water-treatment contract by Nassau County, where his father's district is located, though it was not the lowest bidder. Adam Skelos had several meetings with Nassau Department of Public Works officials about AbTech, and county officials said they selected the company for the project because it would provide the best value. The company with the lowest bid, Newport Engineering, found the process odd. They say they were never notified that the county had received their bid, or that the contract had been awarded.

Sources familiar with the probe said investigators are looking with whether Senator Skelos tried to influence the process, which may violate corruption laws, but both he and his son have yet to be accused of any wrongdoing.

In January, one week after Silver's arrest, WNBC New York reported that Bharara's office was looking into Skelos's ties to the real-estate industry and outside sources of income (which has been a contentious issue for many Albany lawmakers). At the time, his spokeswoman responded, "Last night's thinly sourced report by WNBC is irresponsible and does not meet the standards of serious journalism."

Skelos has served in the Senate since 1984, and he became the Republican leader in 2008 following the resignation of Joe Bruno. As The Journal News notes, the Senate leadership has been plagued by scandal in recent years. After being tried twice on federal corruption charges, Bruno was acquitted last year. Things were even worse for former Democratic Senate leaders. Malcolm Smith was recently convicted of federal bribery, extortion, and wire fraud as part of a scheme to get on the 2013 New York City mayoral ballot, and Pedro Espada Jr. is currently serving a five-year sentence for tax fraud.

At a certain point it's going to be easier to list Albany lawmakers who aren't being investigated for corruption.

Report: Feds Investigate NY State Senate Leader Dean Skelos, Son

Newsmax

By Greg Richter

Wednesday, 15 Apr 2015 11:35 PM

Dean G. Skelos, Republican majority leader of the New York state Senate, and his son Adam are the focus of a federal grand jury investigation, The New York Times reports.

The probe is focusing on Adam Skelos' business dealings, according to the Times, including his hiring by Arizona company AbTech Industries and a stormwater treatment contract awarded to the company even though it wasn't the low bidder.

The investigation is also reportedly looking at a \$20,000 payment Adam Skelos received from a title insurance company for which he was never employed.

The investigation, by federal prosecutors and the FBI, is looking into whether the senator used his influence to benefit AbTech and another firm, Glenwood Management, in exchange for AbTech hiring his son as a consultant.

The Times says neither the senator nor his son has been accused of wrongdoing, but prosecutors are starting to offer evidence to a grand jury.

Neither Dean Skelos nor his son responded to questions from the Times, but Adam Skelos told a reporter outside his home that "I had no idea that this was even an issue," and called the probe "unexpected."

The investigation follows the arrest earlier this year of New York Democratic Assemblyman Sheldon Silver of Manhattan, who resigned as speaker.

NYS Senate leader focus of corruption investigation

WIVB 4

By Katie Alexander, News 4 Reporter

Published: April 16, 2015, 6:18 am | Updated: April 16, 2015, 7:44 am

BUFFALO, N.Y. (WIVB) – One of New York State's top lawmakers is reportedly under investigation by the FBI. Senate Majority Leader Dean Skelos (R-Rockville Centre) is being looked at as part of a corruption inquiry, according to The New York Times.

That report says the FBI has served several subpoenas and federal prosecutors have started presenting evidence to a Grand Jury considering a case against State Senator Skelos and his son, Adam.

The investigation is said to focus primarily on whether the powerful Republican from Long Island exerted any political influence to help his son's business dealings.

According to the NYT article, investigators have been asking questions about Adam Skelos' hiring by an Arizona-based company called AbTech Industries, which was awarded a storm-water treatment contract by Nassau County even though it did not submit the lowest bid for the project. Another aspect of the investigation, according to that report, is looking into a \$20,000 payment to Adam Skelos from American Land Services, a title insurance company for which he never worked.

Neither Dean Skelos nor his son Adam have actually been accused of any wrongdoing at this point.

The probe comes just months after former State Assembly Speaker Sheldon Silver was indicted on corruption charges and resigned from office. Prosecutors say Silver exploited his political influence to get millions of dollars in kickbacks and payoffs. He has pleaded not guilty to those charges.

If charges are brought against Skelos, that could create more chaos in Albany, and potentially could bring a shake up in the leadership of the State Senate, as well.

Federal Investigators Looking into Business Dealings of Skelos and Son

WIBX950 AM

By Kristine Bellino

April 16, 2015 12:31 PM

Federal investigators are looking into father and son business dealings of a different kind.

The New York Times is reporting that New York State Majority Leader Dean Skelos and his son Adam Skelos are the targets of a grand jury investigation into whether or not the elder Skelos used his political influence to help his son.

Authorities are also looking into allegations that Adam accepted thousands of dollars in payments from a title insurance company for which he never worked.

The investigation in the Skelos' alleged activities is part of the federal crackdown on corruption in Albany and follows the arrest of former New York State Assembly Speaker Sheldon Silver. Formal charges were filed against Silver by United States Attorney Preet Bharara, who is also heading the investigation of Skelos.

The campaign against corruption is nothing new for Bharara, a Democrat, who criticized New York Governor Andrew Cuomo after he shut down his own Moreland Commission. When Cuomo said that he would not personally comment on specifics about the disbandment, whether he himself was the subject of an investigation, or the role of federal prosecutors in rooting out corruption in Albany, Bharara responded by saying that Cuomo is legally free to say whatever he wants. In a February 10, 2015 interview with MSNBC Bharara said, "People are able to exercise their public role in the way that they see fit...I don't think I, or anyone else, has ever said that any particular person shouldn't be talking about how he or she made decisions publicly."

While many are applauding Bharara for his work to root out alleged corruption in the state's capital, others are saying that Bharara may be going too far too publicly. In a decision issued April 10, 2015 by United States District Judge Valerie Caproni in United States of America versus Sheldon Silver 15-CR-93 (VEC), Caproni warned that Bharara may perhaps be as eager to make headlines as he is to achieve justice. After Sheldon Silver complained that his case was being tried by Bharara in the court of public opinion, Caproni said:

"The Court starts with several inarguable principles. First, criminal defendants are entitled to a fair trial. Second, the public has a right to know about criminal prosecutions, perhaps particularly those involving charges of public corruption. Third, criminal cases should be tried in the courtroom and not in the press. Finally, people who venture close to the edge of a rule risk falling over the edge. The rules that govern public statements by federal prosecutors regarding accused defendants are designed to balance the first three principles, with a heavy thumb on the side of defendants' fair trial rights. In this case, the U.S. Attorney, while castigating politicians in Albany for playing fast and loose with the ethical rules that govern their conduct,¹ strayed so close to the edge of the rules governing his own conduct that Defendant Sheldon Silver has a non-frivolous argument that he fell over the edge to the Defendant's prejudice."

Judge Caproni ultimately denied Silver's motion to dismiss on the basis of Bharara's enthusiasm, but not before saying that "...the Court does not condone the Government's brinksmanship relative to the Defendant's fair trial rights or the media blitz orchestrated by the U.S. Attorney's Office in the days following Mr. Silver's arrest."

In short, the validity of Bharara's cases against government officials is not helped by the perception that he enjoys the warmth of the spotlight. And, with the latest charges affecting Skelos and Son, the glow of that spotlight is about to intensify.

Report: Feds investigating NY Senate leader

Local SYR Syracuse
04/16/2015 10:28 AM

New York Senate leader Dean Skelos is in the crosshairs of Federal prosecutors, according to a New York Times report.

Prosecutors are looking at both the Long Island Republican and business dealings that involve his son, Adam Skelos, according to the paper.

The Times says prosecutors are currently preparing evidence that will be presented to a Federal grand jury.

Several New York State politicians have come under scrutiny since Gov. Andrew Cuomo's Moreland Commission, and its subsequent dismissal.

The Moreland Commission was set up to look into corruption in New York.

In February, Democratic Assembly Leader Sheldon Silver was indicted by a Federal grand jury on a raft of corruption charges, following an investigation by US Attorney General Preet Bharara.

Additional details on the investigation into Skelos and his son can be found on the New York Times website.

New York Senator Dean Skelos and Son Center of Corruption Probe: Report

Aleksander Chan
Gawker
4/16/15, 9:21am

According to a report in the New York Times, a grand jury is considering evidence for potential corruption charges against Dean Skelos—the Republican leader of the New York State Senate—and his son Adam.

Among the evidence reportedly presented by federal prosecutors to the grand jury is a storm-water treatment contract awarded by the Long Island senator in his district to an Arizona-based company his son worked for. From the Times:

One focal point has been Adam Skelos's hiring by an Arizona company, AbTech Industries, as well as a storm-water treatment contract that AbTech was awarded by Nassau County — the senator's political backyard — even though the company was not the low bidder. Another area of inquiry has been a \$20,000 payment to Adam Skelos from a title insurance company that he never worked for.

According to people familiar with the questions being asked by federal authorities, investigators are seeking to determine whether Senator Skelos exerted any influence in matters involving AbTech. They are also examining whether his son's hiring as a consultant was part of a scheme in which the senator, in exchange, would take official action that would benefit AbTech or another company, Glenwood Management, a politically influential real estate developer that has had ties to AbTech.

And as the Times notes, Glenwood Management is "one of the state's largest campaign donors":

For a small business in Arizona, AbTech would seem unlikely to be associated with Glenwood, which develops rental apartments in New York City.

Glenwood's link to AbTech is buried in the regulatory filings of AbTech's publicly traded parent company. In 2011, one of its largest investors was a company that shared an address on Long Island with Glenwood's corporate headquarters.

Two men with close ties to the real estate company — Charles Dorego, a top Glenwood executive, and Steven Swartzman, a grandson of Glenwood's longtime principal, Leonard Litwin — have signed public records filed by the company that invested in AbTech's parent company, Abtech Holdings. Mr. Swartzman became friends with AbTech's founder in Arizona, and, impressed by the environmental sponge, became AbTech's East Coast distributor, according to a 2006 article in Newsday.

Glenwood's relationship with businesses associated and influenced by state figures has come under scrutiny before: The company's came up in January's arrest of disgraced former New York Assembly Speaker Sheldon Silver on corruption charges.

Indeed, the inquiry into Skelos, 67, and his son, 32, stems in part from U.S. Attorney Preet Bharara's investigation into an anti-corruption panel, the Moreland Commission, first assembled by Gov. Andrew Cuomo in 2013 but was dissolved the following year in budget negotiations involving Silver and Skelos

"I had no idea that this was even an issue," Adam Skelos told a Times reporter outside his home who asked about the investigation. "I got to tell you, this is really unexpected."

State Senate Majority Leader Dean Skelos said to be target of federal corruption probe

Daily Freeman

By Freeman staff

Posted: 04/16/15, 6:34 AM EDT

Dean Skelos, the Republican leader of the New York state Senate, and his son, Adam, are the focus of a federal corruption probe, according to The New York Times.

Citing unnamed sources, the Times states that "Federal prosecutors have begun presenting evidence to a grand jury considering a case against the leader of the New York State Senate, Dean G. Skelos of Long Island, and his son."

The report says that "several" state senators from Long Island have been subpoenaed. Skelos, a Republican, also is from Long Island.

The case is said to involve business dealings involving Adam Skelos.

Former Assembly Speaker Sheldon Silver, of Manhattan, was indicted on federal corruption charges earlier this year. Silver is a Democrat.

The investigations by federal prosecutor Preet Bharara was prompted by the disbanding by Gov. Andrew Cuomo of the Moreland Commission corruption probe.

Report: Dean Skelos and son under federal investigation

CNY Central

By Joanna Pasceri

Posted: 04.16.2015 at 3:39 AM

ALBANY, N.Y. (WKBW) - According to a report in The New York Times, prosecutors have begun presenting evidence to a grand jury for possible corruption charges against New York State Senate Leader Dean Skelos and his son.

Earlier this month, the U.S. Attorney's Office launched an investigation into Skelos' connections to real estate deals.

All this follows the charges filed against former Assembly Speaker Sheldon Silver, who is accused of accepting millions of dollars in kickbacks.

Skelos & Son: Focus Of Federal Probe

WAMC Northeast Public Radio

By Dave Lucas

12:30 pm April 16, 2015

A federal grand jury is reportedly taking a hard look at business dealings involving New York State Senate Majority Leader Dean Skelos and his son.

Back in January, after the arrest of longtime Assembly Speaker Sheldon Silver on corruption charges, a New York City television station reported that U.S. Attorney Preet Bharara was looking into outside income the Republican head of the state Senate, Long Island's Dean Skelos, had received, particularly involving the real estate industry.

A Skelos spokesperson called the WNBC report "irresponsible," and added it did not meet the standards of serious journalism. But the tide is turning, according to WAMC's Political Observer Alan Chartock: "There once were three men in the room and we heard Preet Bharara talking about those three men in a room. He said it was the basis of the corrupt culture of Albany. Sheldon Silver has been indicted. Now we're looking at trouble, real trouble, for Dean Skelos."

The New York Times reports the FBI is zeroing in on business dealings involving Skelos' son, Adam, and whether the elder Skelos exerted any influence to help him. The report says Arizona-based AbTech Industries hired Adam Skelos and was later awarded a storm-water treatment contract in Skelos' home district in Nassau County, even though a different company submitted a lower bid. There's also question surrounding a \$20,000 payment Adam received from a title insurance firm he never worked for.

Authorities are also probing whether Adam's hiring as a consultant was part of a scheme in which the senator, in exchange, would take official action that would benefit AbTech or another company, Glenwood Management, a politically influential real estate developer that has had ties to AbTech.

Based on information from confidential sources, the Times story appeared on line Thursday night. It says no one has been charged with a crime.

Chartock calls the elder Skelos "a very decent fellow." "He's been in these studios. He's a guy who doesn't have the outward appearances of somebody who you might think could be a crook. But the call of the legislators to do favors for people, to get deals done, especially when you're in the top position in the state Senate, is mighty. And one, of course, is going to see what evidence the government rolls out, but, the leaks to the New York Times that we have seen now, show that there may be some real problems for Skelos and for his son."

According to the Times, investigators have served a number of subpoenas in recent weeks, including several to state senators on Long Island, and federal prosecutors have interviewed people who have had dealings with Adam Skelos. "I said when Sheldon Silver was indicted that you could hear knees rocking together from here to California. Obviously, anybody who has ever done anybody a favor and gotten something back for it, is gonna be now concerned," added Chartock.

Should anything happen to Skelos, it could tip the balance of power in the Senate, where Republicans hold a majority by one vote.

Barbara Bartoletti is Legislative Director for the New York State League of Women Voters. "Most of the legislators in the legislature are honest, ethical people. It's that the system allows for those people that want to self-aggrandaise or line their pockets, the system allows for that, and it's the system that has to change."

Bartoletti frets these kinds of stories popping up in the headlines could well discourage voters from turning out to cast their ballots. "For all of the governor's rhetoric about the system of historic reforms in the nation, the culture of corruption in Albany just has very long tentacles, and it continues. And until we have far more comprehensive reforms encompassing both campaign finance and pay-to-play here in Albany, these types of things are gonna continue to flourish."

A request to Skelos for comment was not returned.

Skelos targeted by feds in corruption investigation

Long Island Business News

By: David Winzelberg

April 16, 2015

A federal grand jury has been convened to hear evidence against State Sen. Dean Skelos, R-Rockville Centre, surrounding business deals involving his son Adam Skelos and an Arizona contractor awarded Nassau County projects, according to a story in The New York Times.

The contractor, AbTech Industries, which had engaged Adam Skelos, was given a storm-water treatment contract that by the county, despite not being the low bidder, the Times reported. Federal investigators have also looked into a title company's \$20,000 payment to Adam Skelos, a firm for which he never worked.

Subpoenas have been served to Long Island state senators and other elected officials, including Nassau County Executive Ed Mangano, published reports said.

A call to Skelos' office requesting comment was not returned.

The federal investigation of Skelos comes on the heels of the corruption arrest of Assemblyman Sheldon Silver, D-Manhattan, who then resigned his position as speaker.

The case against Silver and investigation of Skelos was developed after Gov. Andrew Cuomo last year disbanded the Moreland Commission, a panel looking into political corruption in Albany. Cuomo got rid of the Moreland Commission as part of a deal negotiated with Skelos and Silver, the Times reported. Soon after, the investigation of Silver and Skelos was begun by Preet Bharara, U.S. attorney for the Southern District of New York.

Skelos is focus of grand jury probe: Report

Democrat & Chronicle
By Joseph Spector (Gannett)
4/15/15

Federal prosecutors, after arresting ex-Assembly Speaker Sheldon Silver in January, have turned their attention to the head of the state Senate, the New York Times reported tonight.

U.S. Attorney Preet Bharara's office has started to present evidence to a grand jury against Senate Majority Leader Dean Skelos, R-Nassau County, and the business dealings of his 32-year-old son, Adam, the Times reported, citing unnamed sources.

The report is the latest to raise questions about Skelos' outside business interests. Like Silver was, Skelos is employed by a powerful law firm.

The report will be certain to send additional shockwaves through the Capitol after it was rocked by Silver's arrest Jan. 22. Silver resigned as speaker a week later amid pressure from the public and fellow Assembly Democrats.

Bharara's interest in Skelos, the Republican leader since 2008, comes after Bharara offered the ominous statement, "Stay tuned," after announcing corruption charges against Silver.

In January, NBC 4 New York reported Bharara was investigating Skelos' "sources of income" and "ties to the real estate industry."

But a Skelos' spokeswoman at the time dismissed the report as "irresponsible" and "does not meet the standards of serious journalism."

A Bharara spokesman declined comment tonight. There was no immediate comment from Skelos' office, which didn't respond for the Times' article.

The Senate has had troubled leadership. Former Republican Leader Joseph Bruno stood trial twice on federal corruption charges, but was acquitted last year.

Senate leaders Pedro Espada, D-Bronx, and Malcolm Smith, D-Queens, were both convicted in recent years. Smith faces sentencing on July 1; Espada is serving a five-year prison sentence. And former Democratic Senate Leader John Sampson, D-Brooklyn, has been charged in a corruption case.

Skelos' second in command, Thomas Libous of Binghamton, has also been charged for allegedly lying to the FBI about questions that he used his influence to get his son a job at a powerful Westchester County law firm.

Libous' son, Matthew, was convicted in January on tax fraud, and the senator faces a trial in July.

Federal Prosecutors Subpoena Documents in Investigation of State Senate Majority Leader

NY1

By NY1 News

Wednesday, April 15, 2015 at 10:38 PM EDT

Federal prosecutors have subpoenaed documents as part of a grand jury investigation of state Senate Majority Leader Dean Skelos.

A source with direct knowledge of the subpoenas says they were sent out in the past week, to eight of the nine state senators from Long Island—but not Skelos himself.

The source says the subpoenas asked for documents dating back to January 1, 2013.

According to the source, the documents involved focus on the state budget, and four or five different companies.

They also focus on Skelos's son, Adam.

Neither Skelos nor his son have been officially accused of wrongdoing.

Federal prosecutors have been targeting Albany corruption in recent months.

Their most high-profile target has been former Assembly Speaker Sheldon Silver, who is now facing corruption charges.

He's accused of taking millions in bribes and kickbacks

NY Times claims Skelos focus of Federal investigation

LI Herald

By Alex Costello

4/15/15

The New York Times is reporting that Dean Skelos, second from right, and his son Adam, left, are the subject of a federal investigation by U.S. Attorney Preet Bharara. Skelos and his son are pictured here at Skelos's swearing-in on Jan. 7, along with Skelos's wife, Gail, and his brother, Peter Skelos, himself a New York Supreme Court Judge.

Dean Skelos and his son, Adam, are the targets of a federal criminal inquiry, according to sources cited by the New York Times.

According to the Times, which published an article late Wednesday night, U.S. Attorney Preet Bharara has begun presenting evidence to a grand jury to bring an indictment against Skelos and his son. According to anonymous sources cited by the Times, the investigation is focusing on Skelos's son's business dealings, implying that Skelos could have used his influence to help his son secure business contracts.

According to the Times' sources, Adam Skelos works for an Arizona-based company called AbTech, which won a contract for storm water work for Nassau County even though it wasn't the low bidder. Part of the investigation is looking into whether Skelos influenced the decision.

Both Skelos and his son live in Rockville Centre.

Bharara has publicly said that he plans to crack down on public corruption in Albany after Governor Andrew Cuomo disbanded the Moreland Commission last year. Bharara has already brought charges against former Assembly Speaker Sheldon Silver. A story by NBC in January said that Skelos was the target of an investigation, but Skelos refuted the claims.

Skelos could not be reached for comment. Bharara's office declined to comment.

NY Times: Grand jury probing Skelos, son

Times-Union

Published 6:50 am, Thursday, April 16, 2015

The New York Times is reporting that prosecutors are presenting evidence to a grand jury considering a case against state Senate Majority Dean Skelos and his son, Adam.

The newspaper's report attributes the information to "people with knowledge of the matter."

Federal investigators served a number of subpoenas in recent weeks, including several to state senators on Long Island, where Skelos lives. The newspaper says "federal prosecutors have interviewed people who have had dealings with Adam Skelos."

Word of the latest investigation comes just months after the arrest of the then leader of the state Assembly, Sheldon Silver.

New York Times: Skelos under investigation

WNYT

By: WNYT Staff

Updated: 04/16/2015 2:59 PM

Created: 04/16/2015 7:14 AM

The New York Times is reporting that New York State Senate Majority Leader Dean Skelos is the focus of a grand jury investigation.

As NewsChannel 13 told you in January, The Times and WNBC was reporting there was a federal investigation into Skelos' business dealings.

At the time, Skelos called those reports "irresponsible journalism."

Now, according to the Times, federal prosecutors have served subpoenas to several state senators on Long Island and Skelos' son Adam is also part of the investigation.

In a statement released on Thursday afternoon, Skelos said: "I have and will continue to cooperate with any inquiry."

Corruption probe focuses on state Senate leader

The New York Times reports that a federal investigation has turned up evidence of suspected corruption against state Senate leader Dean Skelos and his family.

Times Herald-Record

April 16, 2015 8:47 AM

The New York Times reports that a federal investigation has turned up evidence of suspected corruption against state Senate leader Dean Skelos and his family.

Investigators have served subpoenas to Skelos - a Republican from Long Island - and have interviewed people associated with Adam Skelos, the senator's son, according to the Times.

The investigation centers on a company that employs the younger Skelos, AbTech Industries, in Arizona. According to evidence, AbTech won a storm-water treatment contract in Nassau County, Long Island, despite not being the low bidder. Investigators are seeking information on the senator's involvement, the Times reports.

More on this to come at recordonline.com.

Feds Reportedly Investigating State Senate Leader And Son

WGY News Radio

by 810 & 103.1 WGY

Posted Thursday, April 16th 2015 @ 2pm

The feds are reportedly presenting evidence to a grand jury considering a case against New York State Senate Leader Dean Skelos and his son Adam.

Sources tell the "New York Times" the conflict of interest case involves the ties of Glenwood Management, a mega state campaign donor to a small Arizona company called Ab Tech.

Ab Tech hired Adam as a consultant and then secured a contract with Nassau County even though it wasn't the lowest bidder for the job.

Skelos, Son Under Federal Investigation for Corruption

Federal investigators probing Adam Skelos' business dealings.

Five Towns Patch

By Heather Doyle (Patch Staff) □

April 16, 2015

A grand jury is debating whether to charge State Senate majority leader Dean Skelos, R-Rockville Centre, and his son, Adam, with corruption, according to multiple reports.

An investigation, conducted by the U.S. Attorney for the Southern District of New York, is looking into business dealings involving Adam Skelos, 32, and whether his father aided him in any way.

The probe includes a deal between Nassau County and AbTech Industries, an Arizona-based company for which Adam Skelos, 32, was hired as a consultant, according to The New York Times. AbTech was reportedly awarded a storm-water treatment contract in Nassau County despite it not being the lowest bidder for the project.

Officials are determining whether the Long Island senator exerted any influence over the hiring of his son by AbTech. If true, the act would constitute a conflict of interest and could be in violation of federal corruption regulations.

Federal investigators are also looking into Adam Skelos' dealings with American Land Services, who apparently gave him a \$20,000 signing bonus despite never working for them, according to the report.

Neither Dean nor Adam Skelos have been charged as of Thursday.

"I have and will continue to cooperate with any inquiry," said Sen. Skelos Thursday, according to The Wall Street Journal.

Adam Skelos said he was surprised to hear of the investigation.

"I had no idea that this was even an issue," reacted Adam Skelos, according to the New York Times. "I got to tell you, this is really unexpected."

The Skelos investigation comes months after Assemb. Sheldon Silver, D-Manhattan, was indicted for fraud and extortion after allegedly taking \$4 million in bribes and kickbacks, according to The New York Daily News.

Appeals

Newman

Prosecutors Still Weighing Newman High Court Appeal

Law360

By Ben Conarck

4/15/15

Law360, New York (April 15, 2015, 5:41 PM ET) -- New York federal prosecutors on Tuesday told a New York federal judge that they are still weighing whether to appeal to the U.S. Supreme Court the Second Circuit's landmark Newman decision, which raised the bar for prosecutors to convict on insider trading charges.

In a letter, prosecutors from Preet Bharara's U.S. Attorney's Office for the Southern District of New York said that they did not oppose a district court dismissing charges against Todd Newman and Anthony Chiasson — hedge fund managers whose indictments on insider trading charges were overturned by the appellate court — while they contemplate a possible high court appeal.

"The government is in the process of determining whether it will petition the U.S. Supreme Court for a writ of certiorari in this case," prosecutors wrote.

The December decision in Newman — which found that in order to establish liability in insider trading cases, the government must prove that a tipper received a significant personal benefit, such as one with a potential pecuniary value, for the confidential information passed along, and that the tippee knew of the benefit — has since sent shockwaves through insider trading cases in the Southern District of New York and beyond.

Earlier this month, the Second Circuit denied Bharara's request to rehear the case en banc, hobbling efforts by the top Manhattan federal prosecutor to overturn the ruling, which has threatened his legacy of getting guilty pleas and convictions in more than 80 insider trading cases. The circuit court offered no explanation for denying the request, which was made in January.

In explaining why the government did not attempt to stay the appellate court's mandate in Newman, prosecutors said that the issuance of it would have "no effect on our ability to seek further review in the Supreme Court.

"Thus, we have no objection to the dismissal of the indictment as to Newman and Chiasson, and we do not oppose the exoneration of the defendants' bail," they said.

In January, Bharara called the Newman standard erroneous and "confounding" in his petition for a rehearing by the circuit court, saying that it would severely limit the government's abilities to prosecute some of the most pernicious forms of insider trading.

Attorneys for Chiasson and Newman applauded the Second Circuit's ruling, which they had argued would put a stop to what they described as overreach by government prosecutors.

The government is represented by Sarah McCallum, Robert Allen, Harry Chernoff and Michael Levy.

Money Laundering and Asset Forfeiture

Lower East Synagogue

Controversy Over \$13 Million Sale of Lower East Side Sages of Israel Synagogue

"This is a money grab and its offensive."

Jewish Business News

April 16, 2015

Congregants who worship at the Ger Hasidic sect's synagogue "Sages of Israel" located in Manhattan's Lower East Side are furious over the impending sale of their building. Now the US attorney's office is getting involved.

The building, located at 25 Bialystoker Place, is set to be sold to investor Peter Fine for \$13 million. But the congregants will not get the money for their community. \$10 million of the sale price is set to go to the Ger community in Israel. The self-proclaimed leader of the Ger sect, Rabbi Samuel Aschkenazi, will take the other \$3 million.

He has opened a new synagogue in a private house in queens.

The problem for Ashkenazi is that since the synagogue is a non-profit a court must sign off its sale. The sale price is well below market value for the area which set off a lot of red flags.

The lawyer representing the congregants who wish to stop the sale, David Jaroslawicz, told the New York Post, "This is a money grab and its offensive. The synagogue allegedly had a member meeting to pass this deal — even though the 'members' were people from Queens who had never stepped foot in the synagogue to worship there."

Rabbi Aschkenazi also earned hundreds of thousands of Dollars from a charitable trust run by his late son which was supposed to take care of elderly rabbis. But his son was arrested and sued by New York State for fraud in relation to that charity and died before he could be prosecuted.

Now here's where things get complicated. Rabbi Ashkenazi has also been accused by Jaroslawicz of using funds from the sale to in effect pay himself \$45,000 a year to lease space in his Queens home to the congregation. Apparently, Ashkenazi's wife was the one who signed the new lease with the synagogue.

In another strange twist the judge, Arthur Engoron, who was set to preside over the preliminary court hearing in New York yesterday, recused himself from the case without saying why.

Now the New York Observer says that U.S. Attorney Preet Bharara, who is handling the prosecution of former NY State Assembly Speaker Sheldon Silver, has decided to investigate the sale of the building.

And the New York Post has also reported that Peter Fine is also in contract to a parcel of land adjacent to "Sages of Israel" and air rights from the neighboring Bialystoker Synagogue.

Civil Division

Rikers Island You'll be black and blue

The Economist
By R.W. | NEW YORK
Apr 15th 2015, 21:04

RIKERS Island, New York City's largest jail, is a tough place. Its notoriously grim conditions have inspired investigative reports, hand-wringing and rap songs. "This ain't a place that's crowded but there's room for you/Whether you're white or you're black, you'll be black and blue," sang Kool G Rap, a hip-hop artist, in 1990. Rikers's reputation was never good, but lately it is getting worse.

The jail is facing countless charges of abuse and neglect. Its population has fallen by nearly half to 11,400 over the past two decades, thanks largely to the city's fall in crime, but incidents of violence are on the rise. Corrections officers beat a mentally-ill inmate unconscious in September. Another inmate, a mentally-ill military veteran, died in an overheated cell in February 2014. In 2013 staff reportedly used force against adolescents 565 times, resulting in 1,057 injuries. Preet Bharara, a federal attorney, claims there is a "culture of violence" against young inmates at the jail. In December the Justice Department filed suit against the city over the mistreatment of juvenile prisoners on Rikers Island. Another suit is underway addressing the jail's approach to adult inmates.

Many of the jail's prisoners are simply awaiting trial for misdemeanour offenses, too poor to post bail. Hundreds of inmates have been waiting for more than 270 days, and six prisoners have been mouldering without conviction for six years, according to the New York Times. A report released earlier this year found that more than half of New York City's inmates could not afford a bail of \$2,500 or less. Melissa Mark-Viverito, the city council speaker, has proposed using city money to set up a bail fund for those charged with low-level misdemeanor offenses. But the idea of using public money to help alleged criminals has been controversial.

Bill de Blasio, New York's mayor, says improving the conditions at Rikers is a "moral obligation". Since he took office in January 2014 he has replaced nearly 90% of the top staff at the jail. In December he ended solitary confinement for adolescent inmates, and has demanded more support and therapy for juveniles. On April 14th the mayor pitched a new plan to modernise the city's criminal-justice system. Together with Jonathan Lippman, the state's chief judge, he unveiled "Justice Reboot", a plan to cut Rikers Island's population by 25% over the next decade.

A big part of the plan is to reduce wait times for trials, which have lengthened over the past two decades. City Hall, judges, district attorneys and other agencies have all promised to work together to reduce case processing time and unnecessary delays. Court dates will be scheduled within the next 45 days for the 1,500 inmates who have awaited trial for more than a year. A similar initiative in the Bronx, a borough of New York City, cut the trial backlog by more than half in 2013. Extra judges were brought in from other counties to help.

The mayor hopes to keep people off Rikers Island in the first place by streamlining the court summons process. As it stands, many people ignore summons or do not understand them, which causes them to miss court dates or not pay fines or even plea guilty to offences unnecessarily, which can lead to a stint in jail. More than a third of the 360,000 summons issued resulted in a warrant for failure to appear in court. Going forward, the city will use robocalls and text messages to remind defendants of when to appear in court. Court times will be made more flexible.

More reform is needed. Rikers is still a nasty place, and far too many people are warehoused there while they await their day in court. But the mayor's plans to reform the jail's bureaucracy and reduce the time prisoners must wait for a trial is a good place to start.

Rashtriya Swayamsewak Sangh (RSS) Terrorist Designation

US state dept urges NY court to dismiss lawsuit seeking terror tag for RSS

The Times of India
4/16/15

JALANDHAR: US secretary of state John Kerry has filed a motion in a New York court urging dismissal of a lawsuit seeking designation of Rashtriya Swayamsewak Sangh (RSS) as a foreign terrorist organization. The US government has not only challenged the standing of rights group Sikhs For Justice (SFJ) to bring such a claim, but has also pointed out that the court also does not possess authority to compel the secretary to designate an entity as FTO.

The 18-page motion filed by US attorney Preet Bharara, on behalf of Kerry on April 14, states that SFJ's claim should be dismissed because SFJ lacks standing to bring such claims; and even if it had standing, the political question doctrine bars judicial review where the secretary has not designated an organization.

The motion has said that declaring an entity as an FTO was a discretionary action that implicated important foreign affairs and national security considerations, and which was entrusted to the political branches.

US department of state's motion, filed with federal judge Laura Taylor Swain of Southern District of New York, further stated that the complaint should also be dismissed for failure to mention a claim on which relief might be granted. "The statute that authorized the secretary to designate foreign terrorist organizations does not create a private right of action that allows third parties such as SFJ to compel a designation," it read. The motion also held that the court lacked subject matter jurisdiction. SFJ had asked the US court to label RSS as a terror group "for believing in and practising a fascist ideology and for running a passionate, vicious and violent campaign to turn India into a 'Hindu' nation with a homogeneous religious and cultural identity."

Meanwhile, SFJ legal adviser Gurpatwant Singh Pannun said they would challenge the US government's bid to block the labeling of RSS as "terror group." The declaratory lawsuit has also requested the court that "RSS along with its affiliates and subsidiaries be designated as an FTO, in accordance with Section 219 of the Immigration and Nationality Act (INA) and designate RSS as a specially designated global terrorist (SDGT) entity under Executive Order 13224."

The lawsuit also mentioned 'Ghar Wapsi' programme of Sangh affiliates to reconvert Muslims and Christians while comparing it to 'convert or die' call of the Nigerian terror outfit Boko Haram. The complaint also mentioned demolition of Babri mosque, Gujarat riots of 2002, killing of Mahatma Gandhi by Nathuram Godse and his glorification, apart from ban imposed on it by the Indian government thrice. It also quoted RSS leaders saying that all Indian were Hindus, a statement by former Indian home secretary and Rahul Gandhi calling it a bigger threat than Lashkar-e-Tayyeba.

US govt seeks dismissal of lawsuit to designate RSS as terror group

The Indian Express
4/15/15

The US government has asked a federal court to dismiss a lawsuit filed against Secretary of State John Kerry by a Sikh rights group that wants RSS to be designated as a “foreign terrorist organisation”, saying the group does not have “any entitlement” to make such a demand.

US Attorney for the Southern District of New York Preet Bharara filed on behalf of Kerry a 20-page motion on Tuesday asking the Manhattan court to dismiss the complaint filed by Sikhs for Justice (SFJ), citing lack of subject-matter jurisdiction and for failure to state a claim on which relief may be granted.

SFJ had asked the court to declare that RSS as a “foreign terrorist organisation” under relevant US law and to direct the Secretary of State to designate it as such under that law.

“But neither SFJ nor this court possesses authority to compel the Secretary to designate an entity as a foreign terrorist organisation — a discretionary action that implicates important foreign affairs and national security considerations, and which is entrusted to the political branches. The complaint is therefore subject to dismissal on numerous grounds,” Bharara said in the papers.

He said the court lacks subject-matter jurisdiction over SFJ’s claims since the group lacks standing to bring such claims.

“The statute that authorises the Secretary to designate foreign terrorist organisations does not create a private right of action that allows third parties such as SFJ to compel a designation,” he added.

He said federal law does not impose on the Secretary “any duty, let alone a clear and non-discretionary duty”, to designate an entity as a foreign terrorist organisation at the request of a third party.

“Nor does the statute or the Executive Order confer any entitlement upon any person or entity to have the Secretary make such a designation,” he said.

“Allowing third parties such as SFJ to compel action by the Secretary in the realm of foreign affairs merely by submitting a letter, and then seek a judicial remedy once that third party has decided that the Secretary has failed to adequately respond to that letter, would not ‘enhance’ the process of designating foreign terrorist organisations in the interest of national security, but rather would impede it,” Bharara said.

SFJ legal advisor Gurpatwant Singh Pannun said the group will challenge the US government’s bid to block the labeling of RSS as terror group.

The rights groups had filed the lawsuit in January asking a federal court here to designate RSS as a “foreign terrorist organisation” for “believing in and practicing a fascist ideology and for running a passionate, vicious and violent campaign to turn India into a ‘Hindu’ nation with a homogeneous religious and cultural identity”.

Kerry, named as a defendant in the lawsuit, had been summoned in the case.

US seeks dismissal of move to declare RSS terror group

Zee News India

Last Updated: Wednesday, April 15, 2015 - 10:06

New York: The US State Department has asked a court here to dismiss a lawsuit filed by a Sikh rights group for declaring India's RSS as a "terror group", saying it has no standing.

In an 18-page motion filed on Tuesday before Judge Laura Taylor Swain of the Southern District of New York, US attorney Preet Bharara said Sikhs For Justice (SFJ) lacks standing to bring such claims.

Even if SFJ had standing, the political question doctrine bars judicial review where the Secretary of State has not designated an organisation, it said.

"Neither SFJ nor this Court possesses authority to compel the Secretary to designate an entity as a foreign terrorist organisation - a discretionary action that implicates important foreign affairs and national security considerations, and which is entrusted to the political branches," the motion added.

SFJ has filed a lawsuit in the US court to label the Rashtriya Swayamsevak Sangh as a foreign terrorist organisation.

It accuses RSS of "believing in and practising a fascist ideology and for running a passionate, vicious and violent campaign to turn India into a 'Hindu' nation with a homogeneous religious and cultural identity".

"Political question doctrine cannot trump the fundamental human rights of protection of life and liberty which are embedded in the American constitution," SFJ attorney Gurpatwant S Pannun said.

SFJ will challenge the US Government's bid to block the labelling of RSS as "terror group", he said.

Securities and Commodities Fraud

Michael Oppenheim

Former JPMorgan Case Broker Charged in \$20 Million Fraud

New York Times

By MATTHEW GOLDSTEIN

APRIL 16, 2015

A former JPMorgan Chase broker treated accounts maintained by his clients as his own personal piggy bank — using about \$20 million in client money to make unprofitable options trades and even paying off the mortgage on his New Jersey home, according to a federal criminal complaint unsealed on Thursday.

Federal authorities accused Michael J. Oppenheim, 48, of embezzling money from his clients for the last four years. The authorities say he told the clients that he was taking money from their accounts to invest mainly in low-risk municipal bonds. Instead, Mr. Oppenheim put much of that money into three online brokerage accounts he had opened for himself or in his wife's name at other financial firms, according to the complaint.

"He concealed their money in a game of hide-and-seek and personally benefited from illegitimately obtained profits," Diego Rodriguez, the leader of the F.B.I.'s New York office, said in a statement.

Agents with the Federal Bureau of Investigation arrested Mr. Oppenheim Thursday morning at his home in Livingston, N.J.

Mr. Oppenheim worked at JPMorgan from 2002 up until about a month ago. For most of the time, Mr. Oppenheim was an investment adviser with Chase Investment Services, which is affiliated with the big bank's retail arm as opposed to its wealth management division.

The bank said it alerted federal authorities to the apparent theft and misuse of client money, which authorities said included unauthorized transfers of money from client accounts.

Prosecutors for Preet Bharara, the United States attorney for Manhattan, also charged Mr. Oppenheim with wire fraud, securities fraud and investment adviser fraud in the 17-page criminal complaint.

Mr. Oppenheim's lawyer, Robert Gamburg, did not immediately respond to a request for comment.

In a related lawsuit, the Securities and Exchange Commission characterized the money-losing options trades Mr. Oppenheim made as "sizable." Regulators said he made bets on the share price of the technology giants Apple and Google, as well as the auto manufacturer Tesla and the online video company Netflix.

To cover up his embezzlement, authorities said Mr. Oppenheim sent his clients fraudulent account statements. The criminal complaint makes reference to at least a half-dozen clients whose money may have been misappropriated by the former broker.

Authorities said Mr. Oppenheim typically transferred money from his client accounts by writing cashier's checks and depositing them into the brokerage accounts controlled by his wife or by him. Sometimes the money was wired to accounts controlled by Mr. Oppenheim.

"At least one outgoing wire was used to pay off a portion of the mortgage on his and his wife's home in New Jersey," according to the S.E.C. complaint.

Mr. Oppenheim's wife, Alexandra, was not charged with any wrongdoing. But she was named as a relief defendant by the S.E.C., meaning that regulators can recoup from her any ill-gotten money she may have received.

"We are sorry and angry this happened," said Michael Fusco, a JPMorgan spokesman. "We always stand by our customers and will ensure no customer who had their money stolen will lose any funds related to this."

Ex-J.P. Morgan Chase Investment Adviser Charged With Embezzlement

The Wall Street Journal

By Matthias Rieker

April 16, 2015, 03:10:00 PM EDT

A former J.P. Morgan Chase & Co. investment adviser in New York has been accused by federal authorities of stealing at least \$20 million from clients and using the money for his own online trading and to pay his mortgage.

The adviser, Michael Oppenheim, was charged with wire fraud, embezzlement, and securities fraud, according to a Federal Bureau of Investigation complaint filed with the U.S. District Court of the Southern District of New York. He was arrested Thursday morning, according to his lawyer.

He was fired on March 18 by his employer, according to the complaint, which it identified only as a New York bank. Public records show Mr. Oppenheim worked for J.P. Morgan, which confirmed he was the person charged and that he no longer works there.

He stole amounts ranging from about \$300,000 to almost \$2 million from seven clients on at least 24 occasions between March 2011 and March 2015, the complaint alleged. In some instances, he told clients he would invest their money in bonds, and then faked account statements showing the bond yields, it said. In other cases, he simply moved money out of clients' accounts without their knowledge, the FBI said.

He used the clients' money for his own trading in online accounts he held outside the bank and to pay his mortgage and other bills, according to the complaint.

Mr. Oppenheim, 48 years old, started his career as financial adviser in 1998 at Merrill Lynch and joined Chase Investment Services in 2002, according to public documents. He managed about \$90 million for about 500 clients, according to the complaint.

J.P. Morgan discovered the fraud and alerted the FBI, a bank spokesman said.

"We are sorry and angry this happened," he said. "We always stand by our customers and will ensure no customer who had their money stolen will lose any funds related to this."

Mr. Oppenheim couldn't be reached for comment. His lawyer, Robert Gamburg, reached on his way to the courthouse, offered no comment about the allegations.

Write to Matthias Rieker at matthias.rieker@wsj.com

Ex-JPMorgan Banker Charged With \$20M Client Theft

Law360

April 16, 2015 3:39 PM

By Max Stendahl

Law360, New York (April 16, 2015, 3:39 PM ET) -- New York federal prosecutors on Thursday charged a former JPMorgan Chase & Co. investment adviser with stealing \$20 million from clients and blowing the money on options trades and personal expenses.

Michael Oppenheim, 48, was arrested Thursday morning at his home in New Jersey and charged in a criminal complaint in Manhattan with fraud and embezzlement. He was scheduled to make a court appearance Thursday afternoon.

According to the complaint, Oppenheim convinced some of his wealthy clients to allow him to withdraw money from their accounts and invest it in low-risk municipal bonds. Instead, Oppenheim obtained cashier's checks and deposited them into brokerage accounts that he controlled, prosecutors said. He allegedly spent the money on unprofitable stock and options trades, as well as on personal bills and a home loan.

JPMorgan fired Oppenheim sometime in March, prosecutors said. A representative for the bank could not be immediately reached for comment.

Oppenheim was also hit with a civil fraud suit by the U.S. Securities and Exchange Commission.

Counsel information was not immediately available.

The cases are U.S. v. Oppenheim, case number 15-mag-1255, and Securities and Exchange Commission v. Oppenheim, case number 15-cv-02657, both in the U.S. District Court for the Southern District of New York.

--Editing by Christine Chun.

Ex-JPMorgan banker accused of stealing \$20m

Financial Times
April 16, 2015 3:33 PM

A former JPMorgan Chase investment adviser was arrested Thursday on allegations he stole \$20m from clients over four years.

Michael Oppenheim was charged with wire and securities fraud, and embezzlement for allegedly defrauding at least seven clients from March 2011 to March 2015, according to the US Attorney's office in Manhattan, reports Gina Chon in DC.

The Securities and Exchange Commission also filed civil fraud charges against Mr Oppenheim, who is from New Jersey. He was fired from JPMorgan in March.

In some cases, Mr Oppenheim had his clients agree to bank account withdrawals to supposedly invest in municipal bonds, the US Attorney's office said. In other instances, he withdrew money from client bank accounts without their knowledge.

Instead of making investments for his clients, Mr Oppenheim allegedly used their funds to obtain cashier's checks that he deposited into several online brokerage accounts that Mr Oppenheim managed.

He used some of those funds to trade stocks or options in Apple, Google, Tesla and Netflix, but lost money on most of those trades, prosecutors said. He also used the money to pay off part of his mortgage.

JPMorgan alerted the authorities about Mr Oppenheim's alleged actions and the bank is working closely with investigators.

The bank said in a statement:

We are sorry and angry this happened. We always stand by our customers and will ensure no customer who had their money stolen will lose any funds related to this.

Mr Oppenheim's lawyer did not respond to a request for comment.

Ex-JPMorgan banker charged with taking \$20 million from clients

Reuters

By David Ingram and Suzanne Barlyn

Thu Apr 16, 2015 1:01pm EDT

(Reuters) - A former investment adviser at JPMorgan Chase & Co was arrested Thursday and charged with taking at least \$20 million out of client accounts and using it to unsuccessfully trade options and pay personal expenses, authorities said.

Michael Oppenheim, 48, was arrested at his New Jersey home, authorities said. He worked at the bank nearly continuously from 2002 until last month, according to a criminal complaint for fraud and embezzlement filed in Manhattan federal court.

Oppenheim took client money for about three years and lost or spent nearly all of it, according to a separate lawsuit filed by the U.S. Securities and Exchange Commission.

Oppenheim's lawyer did not return a call requesting comment. A message left at Oppenheim's home was not returned.

JPMorgan, the largest U.S. bank by assets, said it alerted authorities to the matter and was working with affected clients. "We are angry that this person violated the trust our clients place in us," it said in a statement.

It is rare for an investment adviser to be charged with an eight-figure crime, said New York criminal defense lawyer Greg Morvillo: "We see it in the headlines and think it's happening all the time. But it's a minute percentage in the financial industry who don't follow the rules and regs."

As a vice president and private client adviser, Oppenheim worked with 500 mostly wealthy clients, the SEC said.

According to authorities, Oppenheim beginning in 2011 persuaded clients to let him withdraw money from their accounts, sometimes millions of dollars, for investments in low-risk municipal bonds.

Authorities said he used the money to obtain cashier's checks that he deposited in brokerage accounts he controlled, and he traded stock and options in companies such as Tesla Motors Inc.

"After each theft and deposit, and in short order, Oppenheim lost the bulk of the stolen funds in highly unprofitable options trading," the SEC said.

Oppenheim's losses last year came to \$13.5 million, the SEC said. He also used client money to pay bills and a home loan, authorities said.

To cover up his embezzlement, Oppenheim gave clients fraudulent statements and moved money from one client account to another, authorities said.

Minimal cash remains, the SEC said. Its lawsuit seeks any ill-gotten gains from Oppenheim and his wife, Alexandra Oppenheim. Some client funds were deposited in an account in her name, the SEC said. The FBI did not charge her.

Ex-JPMorgan banker charged with stealing \$20M from clients

New Jersey Herald
By Associated Press

Posted: Apr 16, 2015 4:47 PM EDT Updated: Apr 16, 2015 4:49 PM EDT

NEW YORK (AP) - A former JPMorgan Chase & Co. banker has been arrested on charges he stole \$20 million from clients over a four-year period.

Michael Oppenheim was arrested Thursday on charges including wire fraud and securities fraud. Authorities say the 48-year-old Livingston, New Jersey, resident used some of the money to make investments and pay a home loan.

Bail was set at \$1 million at a court appearance in Manhattan federal court. He was also ordered to undergo home detention with electronic monitoring.

His attorney, Richard Gamburg, said his client would plead not guilty to the charges. He said he expected Oppenheim would be released Friday.

Authorities say Oppenheim continued his fraud until he was fired by the bank in March.

He also faces civil charges from the Securities and Exchange Commission.

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Livingston investment adviser charged with taking \$20 million from clients

NJ.com

By Ted Sherman

on April 16, 2015 at 5:15 PM, updated April 16, 2015 at 5:19 PM

NEW YORK— A former JPMorgan Chase financial adviser was arrested Thursday at his million-dollar home in Livingston, N.J., and charged with defrauding clients out of \$20 million over a four-year period — losing most of it in the trading of high-risk stock options on his own accounts.

Michael Oppenheim, 48, was accused by federal prosecutors in New York of concealing the money of investors "in a game of hide-and-seek," in an effort to cover up the long-running fraud, including the use of fake account statements.

According to U.S. Attorney Preet Bharara of Manhattan's Southern District, Oppenheim induced clients to consent to the withdrawal of hundreds of thousands, and in some cases millions, of dollars from their accounts, based on representations that he would invest their money in low-risk municipal bonds to be held in an account at the bank. In other instances, prosecutors said he simply withdrew hundreds of thousands of dollars from clients' accounts without their knowledge.

He allegedly used the money to obtain cashier's checks which he deposited in at least three online brokerage accounts, using it for on-line trading in accounts he controlled, and to pay for personal expenses such as a home loan and bills.

According to the Securities and Exchange Commission, which filed a separate fraud complaint, Oppenheim squandered the bulk of the money in highly unprofitable options trading. SEC officials said he typically lost the entire amount of each deposit on stock options that included Tesla, Apple, Google, and Netflix. If he did make money, he allegedly wired money to bank accounts in his or his wife's name. At least one outgoing wire was used to pay off a portion of his mortgage, according to the SEC complaint.

He had approximately 500 clients with \$89 million in assets under his management.

Authorities said Oppenheim tried to cover up the embezzlement scheme with fraudulent account statements.

"He concealed their money in a game of hide-and-seek and personally benefitted from illegitimately obtained profits, said New York FBI Assistant Director Diego Rodriguez.

Hired in 2002, Oppenheim was fired from the bank in March, according to the criminal complaint filed in court.

He concealed their money in a game of hide-and-seek..."

"We are sorry and angry this happened," JPMorgan Chase said in a statement. "We always stand by our customers and will ensure no customer who had their money stolen will lose any funds related to this."

Oppenheim was charged with one count of wire fraud, one count of embezzlement, one count of securities fraud, and one count of investment adviser fraud. If convicted, he faces up to 30 years in prison.

His attorney could not be reached for comment.

Ex-JPMorgan Broker Accused of Stealing Clients' \$20 Million

Bloomberg Business

by Andrew M Harris

1:09 PM EDT April 16, 2015

A former JPMorgan Chase & Co. broker faces federal charges he stole \$20 million from customers over four years to make investments and pay personal bills that included a home loan.

Michael Oppenheim induced clients to withdraw hundreds of thousands or even millions of dollars from their accounts by promising he'd invest the money in low-risk municipal bonds to be held at the bank, FBI Special Agent Matthew Taylor said in a criminal complaint in Manhattan federal court. Instead, he pocketed the cash, Taylor said.

"In other instances, Oppenheim simply withdrew hundreds of thousands of dollars from clients' accounts without their knowledge," Taylor said.

Oppenheim, who was fired by the bank last month, at one point had about 500 clients and almost \$90 million under his management, according to the complaint. He was arrested Thursday on fraud and embezzlement charges at his home in Livingston, New Jersey.

"We are angry that this person violated the trust our customers place in us and are working with the affected customers," Michael Fusco, a spokesman for the New York-based bank, said in an e-mailed statement.

The alleged theft started in March 2011 and ended last month, the Federal Bureau of Investigation said.

It wasn't immediately clear when Oppenheim would appear in court or who's defending him.

The case is U.S. v. Oppenheim, 15-mj-1255, U.S. District Court, Southern District of New York (Manhattan).

SEC Says Bank VP Swiped \$20 Million From Clients

Courthouse News Service

Thursday, April 16, 2015 Last Update: 10:11 AM PT

MANHATTAN (CN) - An investment broker stole \$20 million from his customers and put it into his own trading accounts, then lost most of it "in short order," the SEC claims in court.

The SEC sued Michael J. Oppenheim and his wife, relief defendant Alexandra Oppenheim, on Wednesday in Federal Court.

The 14-page complaint identifies Oppenheim's former employer only as a major New York financial institution, or bank. Oppenheim, 48, of Livingston, N.J., was a vice president of the bank on his last day of work, which was March 18.

While working as a "private client advisor," the SEC says, "Oppenheim used his position to persuade at least two customers to withdraw a total of over \$12 million out of their accounts on the promise that he would use the withdrawals to purchase safe and secure municipal bonds for their accounts. Instead, Oppenheim bought himself cashier's checks and deposited them into his own brokerage account or an account he controlled in the name of his wife, relief defendant Alexandra Oppenheim.

After each theft and deposit, and in short order, Oppenheim lost the bulk of the stolen funds in highly unprofitable options trading."

To cover his fraud, "and ensure that he could continue it," Oppenheim created fake account statements and transferred money from one customer's account to another, "to replenish amounts he had stolen earlier," the SEC says in the lawsuit.

During the three years that he ran his game, the SEC says, Oppenheim stole "at least \$20 million from his customers."

The SEC seeks disgorgement, penalties and an injunction.

The SEC press spokeswoman in New York did not immediately reply to requests for comment Thursday.

Ex-JPMorgan investment adviser charged in \$20 mn fraud

The Daily Mail

By AFP

Published: 15:26 EST, 16 April 2015 | Updated: 15:26 EST, 16 April 2015

A former investment adviser for JPMorgan Chase was arrested Thursday on charges he stole some \$20 million from clients and put most of the money into losing investments, US authorities said.

Michael Oppenheim, 48, an employee of JPMorgan from 2002 through mid-March, faces federal criminal charges of embezzlement and fraud in the alleged scheme.

The former New York City-based investment adviser and broker advised 500 clients of the largest US bank by assets, most of whom were high net worth, according to a Securities and Exchange Commission complaint filing parallel fraud charges.

In some cases, Oppenheim took funds from accounts without the investors' knowledge, authorities alleged.

In other instances, Oppenheim induced clients to withdraw hundreds of thousands, or millions, of dollars under the guise that he would invest the funds in low-risk municipal bonds.

Instead, Oppenheim traded stocks and options for such companies as Apple, Google and Netflix. Oppenheim typically lost the entire amount of each deposit, they said.

"Investment advisers are required to act in the best interest of their clients," said FBI assistant director-in-charge Diego Rodriguez.

"Oppenheim did just the opposite by allegedly taking advantage of those who trusted him. As alleged, he concealed their money in a game of hide-and-seek and personally benefitted from illegitimately obtained profits.

"Now that his actions have been exposed, he will be made to face the consequences of the justice system."

Oppenheim continued the fraud until he was fired by JPMorgan in March, the Justice Department said.

The bank, which had alerted authorities about the case, expressed regret for the incident.

"We are sorry and angry this happened," said a JPMorgan spokesman. "We always stand by our customers and will ensure no customer who had their money stolen will lose any funds related to this."

John Johnson
Ex-Wyoming fund exec to replead to insider trading: lawyer

Reuters
By Nate Raymond
Thu Apr 16, 2015 4:43pm EDT

(Reuters) - A former Wyoming Retirement System chief investment officer whose insider trading guilty plea was called into question after a major appellate ruling limited the reach of such laws has decided to enter a new guilty plea.

John Johnson, who previously admitted to trading on a tip about a \$3 billion merger involving Foundry Networks Inc, has decided to re-enter his guilty plea, his lawyer said in a letter filed Thursday in Manhattan federal court.

The decision came after prosecutors in March conceded that admissions Johnson made in 2013 about his trading were "insufficient" to support his original plea given the appellate court's view on what constituted insider trading.

Joshua Franklin, his lawyer, told U.S. District Judge Valerie Caproni in the letter that Johnson was prepared to plead guilty by April 23 and be sentenced immediately.

Both Franklin and a spokeswoman for Manhattan U.S. Attorney Preet Bharara declined to comment.

The letter came amid continued fallout from a December ruling by the 2nd U.S. Circuit Court of Appeals in New York that curtailed authorities' ability to crack down on insider trading.

The court, in reversing the convictions of two hedge fund managers, Todd Newman and Anthony Chiasson, ruled that prosecutors must prove a trader knew a tip's source received a benefit in exchange.

Prosecutors are mulling whether to seek review by the U.S. Supreme Court. The ruling has led to convictions being reversed or charges being dropped for seven of the 93 insider trading defendants Bharara's office had pursued since 2009.

Johnson, who previously pleaded guilty to securities fraud and conspiracy charges, became a key witness in the trial of David Riley, Foundry's former chief information officer, who was convicted in October.

Prosecutors said Riley in 2008 told Matthew Teeple, an analyst at hedge fund Artis Capital Management, about Brocade Communications Systems Inc's proposed acquisition of Foundry.

Riley told others, prosecutors said, including Johnson, who testified that before taking the Wyoming pension system job, he traded in Foundry stock based on the tip.

But Johnson never said he knew Teeple's source, nor did he acknowledge knowing Riley received anything for the tip.

Prosecutors have said that while his plea was insufficient, they could prove at trial he "consciously avoided knowledge of the tipper's benefit."

Teeple pleaded guilty and was sentenced in October to five years in prison.

The case is U.S. v. Johnson, U.S. District Court, Southern District of New York, No. 13-cr-190. (Reporting by Nate Raymond in New York; Editing by Ted Botha)